

[The following certified translation is of an ACGR for a Spanish company.]

**APPENDIX I**

**ANNUAL CORPORATE GOVERNANCE REPORT  
BY LISTED LIMITED LIABILITY COMPANIES**

**ISSUING COMPANY'S IDENTIFICATION DETAILS**

DATE OF CLOSE OF REFERENCE FINANCIAL YEAR: 31/12/2014

Tax ID card n° A-08001851

Corporate Name:

ACCIONA, S.A.

Registered Office:

Avenida de Europa, 18. "Parque Empresarial La Moraleja" Alcobendas (Madrid)

**ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED LIMITED LIABILITY COMPANIES**

**A OWNERSHIP STRUCTURE**

A.1 Complete the following table about the Company's capital:

Date of last modification	Capital (€)	Number of shares	Number of voting rights
24/05/2012	57,259,550	57,259,550	57,259,550

Indicate whether there are different share classes with different associated rights:

No

A.2 List the direct and indirect registered holders of significant stakeholdings in the Company at the close of the financial year, excluding directors:

Full name or Corporate name of the shareholder	Number of direct voting rights	Number of Indirect voting rights	% of total voting rights
Entrezca, BV	15,319,480	0	26.75%
Tussen de Grachten, BV	15,557,480	0	27.17%
FIL Limited	0	598,007	1.04%

Full name or Corporate name of the indirect shareholder	Held through: Full name or Corporate name of the direct shareholder	Number of voting rights
FIL Limited	Other shareholders in the Company	598,007

Indicate the most significant movements in the shareholding structure occurring during the financial year:

Full name or Corporate name of the shareholder	Date of the operation	Description of the operation
Entrezca, BV	24/01/2014	Declined below 25% of the equity
Entrezca, BV	26/02/2014	Rose above 25% of the equity
FIL Limited	29/01/2014	Rose above 1% of the equity (only tax havens)
FIL Limited	13/02/2014	Rose above 2% of the equity (only tax havens)
FIL Limited	08/04/2014	Declined below 2% of the equity (only tax havens)
FIL Limited	02/07/2014	Declined below 1% of the equity (only tax havens)

Full name or Corporate name of the shareholder	Date of the operation	Description of the operation
FIL Limited	29/09/2014	Rose above 1% of the equity (only tax havens)
HSBC Holding, PLC	21/01/2014	Rose above 5% of the equity
HSBC Holding, PLC	27/01/2014	Declined below 5% of the equity
HSBC Holding, PLC	28/02/2014	Declined below 3% of the equity
Invesco Limited	07/07/2014	Rose above 1% of the equity (only tax havens)
Invesco Limited	30/09/2014	Declined below 1% of the equity (only tax havens)

A.3 Complete the following tables about the members of the Company's board of directors holding voting rights through shares in the Company:

Full name or Corporate name of the Director	Number of direct voting rights	Number of voting rights	% of total voting rights
Mr. José Manuel Entrecanales Domecq	6,760	6,142	0.02%
Mr. Juan Ignacio Entrecanales Franco	11,529	7,668	0.03%
Mr. Jaime Castellanos Borrego	10,000	31,000	0.07%
Mr. Carlos Espinosa de los Monteros Bernaldo de Quirós	3,000	0	0.01%
Ms. Sol Daurella Comadrán	0	14,150	0.03%
Mr. Daniel Entrecanales Domecq	44,225	0	0.08%
Mr. Javier Entrecanales Franco	5	0	0.00%
Ms. Belen Villalonga Morenes	200	0	0.00%
Ms. María del Carmen Becerril Martínez	8,006	0	0.01%
Mr. Fernando Rodés Vila	9,000	0	0.02%

Full name or Corporate name of the indirect shareholder	Held through: Full name or Corporate name of the direct shareholder	Number of voting rights
Mr. José Manuel Entrecanales Domecq	Other shareholders in the Company	6,142
Mr. Juan Ignacio Entrecanales Franco	Other shareholders in the Company	7,668
Mr. Jaime Castellanos Borrego	Other shareholders in the Company	31,000
Ms. Sol Daurella Comadrán	Other shareholders in the Company	14,150

<b>% of the total voting rights in the power of the board of directors</b>	0.26%
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Complete the following tables about the members of the Company's board of directors holding rights over shares in the Company:

Full name or Corporate name of the Director	Number of direct voting rights	Number of indirect voting rights	Equivalent number of shares	% of total voting rights
Mr. José Manuel Entrecanales Domecq	37,389	0	37,389	0.07%
Mr. Juan Ignacio Entrecanales Franco	4,613	0	4,613	0.01%

A.4 Indicate any family ties or commercial, contractual or corporate relationships, if any, between the registered holders of significant stakeholdings, insofar as these are known to the Company, unless they are scarcely relevant or derive from the normal course of the Company's business:

Related name or corporate name
Entrezca, BV
Tussen de Grachten, BV

**Type of relationship:** Familial

**Brief description:**

The shareholders in the companies who that are the registered holders of significant stakeholdings form part of the familial group of the descendants of Mr. José Entrecanales Ibarra.

A.5 Indicate, where appropriate, the commercial, contractual or corporate relations between the registered holders of significant stakeholdings and the Company and/or its group, except where these are scarcely relevant or derive from the normal run of commercial business:

A.6 Indicate whether any Shareholders' Agreements have been notified to the Company pursuant to the provisions contained in articles 530 and 531 of the Capital Corporations Act. Where appropriate, describe them briefly and list the shareholders bound by the agreement:

**Yes**

Parties to the shareholders' agreement
Tussen de Grachten, BV
Entrezca, BV

**% of share capital affected:** 55.23%

**Brief description of the agreement:**

The shareholders' agreement was notified to the National Securities Market Commission ("CNMV") on 15 July 2011 and was registered under number 147,698, where the entire text of the agreement can be consulted. It has also been deposited at the Companies' Registry.

The basic terms of the agreement are summarised in the corresponding note in section H.

Indicate whether the Company is aware of the existence of concerted action among its shareholders. If so, describe these briefly:

**No**

Where there has been any amendment or suspension of any shareholders agreement or concerted actions in the course of the financial year, indicate this expressly:

- A.7 Indicate whether there is any individual or body corporate exercising or able to exercise control over the Company in accordance with article 4 of the Securities Market Act. If so, identify this individual or body corporate:

No

Comments
[blank]

- A.8 Complete the following tables about the Company's treasury stock:

At the close of the financial year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
516,499	18,000	0.93%

(\*) Through:

Full name or corporate name of the direct registered shareholder	Number of direct shares
Finanzas Dos, S.A.	18,000
<b>Total:</b>	18,000

Detail the significant variations, in accordance with the provisions contained in Royal Decree 1,362/2007, effected during the financial year:

- A.9 Detail the conditions and term of the current resolution by the General Meeting of Shareholders mandating the Board of Directors to issue, buy back or transfer treasury stock.

The General Meeting of Shareholders held on 24 May 2012 adopted the following resolution:

To authorize the derivative acquisition of shares in the Company by the Company itself and by companies in its group both directly and indirectly through the acquisition of capital companies holding shares in Acciona, S.A., respecting the legal limits and requirements and in accordance with the conditions set out below, leaving without any effect, in the amount not utilized, the authorization approved for the purpose by the Ordinary General Meeting of Shareholders in 2010:

- Modality: sale and purchase, swap, loan or surrender as payment.
- Maximum number of shares to be acquired, added to those already owned by Acciona, S.A. and its subsidiaries: up to 10% of the subscribed capital.
- Maximum and minimum prices: the listing at the close of the last stock market session, with a margin of 15% up or down.
- Duration of the authorization: five (5) years from the date this agreement.

To authorize the Board of Directors so that it may carry out the derivative acquisition of shares in Acciona, S.A. on the terms set out and so that it may dedicate, in full or in part, the treasury stock already acquired and such stock as may be acquired virtue of the preceding authorization for the

execution of remuneration systems consisting in or aimed at delivering shares or share option rights over shares in Acciona, S.A. in favour of workers, senior management and directors exercising executive functions pursuant to the provisions contained in section 1 a) of article 146 of the Consolidated Text of the Capital Corporations Act.

A.10 Indicate whether there is any restriction in place on the conveyance of securities and/or any restriction on voting rights. In particular, notice will be given of the existence of any kind of restriction that may hinder the taking of control of the Company through the acquisition of its shares on the open market.

Yes

Description of the restrictions
The shareholders Tussen de Grachten, BV and Entreazca, BV have mutually granted each other a preferential acquisition right over their respective stakeholdings in Acciona, S.A. as indicated in section A.6.

A.11 Indicate whether the general meeting has resolved to adopt neutralization measures against a public takeover bid pursuant to the provisions contained in Law 6/2007.

No

Where appropriate, explain the measures approved and the terms on which the loss of effectiveness of the restrictions will occur:

A.12 Indicate whether the Company has issued securities not traded on a regulated market in the European Union.

No

Where applicable, indicate the different share classes and, for each share class, the rights and obligations conferred.

## **B** GENERAL MEETINGS

B.1 Indicate and, where appropriate, detail, whether there are any differences with regard to the regime for minimums foreseen in the Capital Corporations Act (LSC) in connection with the quorum for calling a general meeting to order.

Yes

	% quorum different from that set in art. 193 LSC for general scenarios	% quorum different from that set in art. 194 LSC for the special scenarios in art. 194 LSC
Quorum required at the 1st call	0%	67.00%
Quorum required at the 2nd call	0%	62.00%

Description of the differences
The quorums required are higher than the general quorums of 50% and 25% for the special scenarios in article 194 of the Capital Corporations Act.

B.2 Indicate and, where appropriate, detail whether there are any differences from the regimen foreseen in the Capital Corporations Act (LSC) for the adoption of corporate resolutions:

No

Describe how the regime is different from that foreseen in the LSC.

B.3 Indicate the rules applicable to amendments to the Company’s Articles of Association. In particular, notice will be given of the majorities foreseen for the amendment of the Articles of Association, as well as, where appropriate, the rules foreseen for the protection of shareholders’ rights in the amendment of the Articles of Association .

Amendments to the Company’s Articles of Association must comply with the provisions contained in the Consolidated Text of the Capital Corporations Act and article 17.2 of the Articles of Association whereby a General Meeting must be called to order with a quorum of 67% of the capital subscribed and fully paid up with voting rights at the first call, or of 62% at the second call, in order to be able to decide on any of the following issues:

a) Amendment of the Articles of Association, except for changes in the registered office, capital increases, the extension of the corporate purpose and, in those cases where legally compulsory, capital reductions.

b) Transformations, mergers, spin-offs, global transfers of assets and liabilities and the winding-up of the Company, except in those cases where such winding-up is legally compulsory.

In order to change the registered office, increase capital, extend the corporate purpose, eliminate or limit the preferential subscription right (the issue of simple, convertible or swappable debentures or bonds, the issue of warrants or options (alone or in connection with bonds) and preferential stakeholdings and, in those scenarios where legal compulsory, reduce capital and wind up and liquidate the Company, the General Meeting must be called to order with a quorum of 67% of the capital subscribed and fully paid up with voting rights at the first call, or with a quorum of 50% of the capital subscribed with voting rights at the second call.

The same percentages foreseen in the preceding paragraph shall be applicable when, in scenarios of capital increase or issue of debentures, bonds, warrants or preferential equity, the General Meeting authorizes or delegates powers on the Board of Directors to adopt such resolutions.

In any case and as provided for in article 286 of the Consolidated Text of the Capital Corporations Act, the directors or, where appropriate, the shareholders effecting the proposal must draw up the entire text of the proposed amendment and the corresponding report on its rationale and make these available to the shareholders at the moment notice is given convening the General Meeting.

Voting will be conducted separately for each article or group de articles that may be substantially independent. Resolutions shall be adopted by majority vote and this shall be understood as the votes in favour of more than half the shares with voting rights attending the General Meeting according to the list of persons in attendance drawn up when it is called to order.

B.4 Indicate the attendance details at the General Meetings held in the financial year to which the present report refers and those in the preceding financial year:

Attendance details					
Date of General Meeting	% present in person	% present by proxy	% distance votes		Total
			Electronic votes	Other votes	
06/06/2013	59.29%	20.28%	0.01%	0.00%	79.58%
24/06/2014	54.35%	22.56%	0.01%	0.00%	76.92%

B.5 Indicate whether there is any restriction in the Articles of Association establishing a minimum number of shares needed to attend the General Meeting:

No

B.6 Indicate whether resolutions have been adopted for certain decisions entailing a structural modification of the Company (“subsidiarization”, sale and purchase of essential operational assets, transactions equivalent to the liquidation of the Company ...) to be submitted to the General Meeting of Shareholders for approval, even where this is not expressly required under Business Legislation.

Yes

B.7 Indicate the address of and how to access on the Company’s web page with the information on corporate governance and other information about general meetings that must be made available to shareholders through the Company’s web page.

The Company’s web page is: [www.acciona.es](http://www.acciona.es)

This address contains a link under the name “Shareholders and Investors” and this has a section regarding Corporate Governance where shareholders can find the Company’s corporate information as well as the information related to General Meetings. Furthermore, on the occasion of a notice of meeting convening the General Meeting, direct access will be provided on the main page of the Company’s web site ([www.acciona.es](http://www.acciona.es)) to make available to shareholders all the information regarding the General Meeting so convened.

## C STRUCTURE OF THE COMPANY’S ADMINISTRATION

### C.1 Board of Directors

C.1.1 maximum and minimum number of directors foreseen in the Articles of Association:

<b>Maximum number of directors</b>	18
<b>Minimum number of directors</b>	3

C.1.2 Complete the following table with the members of the board:

<b>Full name or corporate name of the director</b>	<b>Representative</b>	<b>Position on the Board</b>	<b>Date of first appointment</b>	<b>Date of most recent appointment</b>	<b>Procedure for election</b>
Mr. José Manuel Entrecanales Domecq		President and Managing Director	14/04/1997	24/05/2012	Vote at General Meeting of Shareholders
Mr. Juan Ignacio Entrecanales Franco		Vice-president and Managing Director	14/04/1997	24/05/2012	Vote at General Meeting of Shareholders
Mr. Jaime Castellanos Borrego		Director	04/06/2009	24/05/2012	Vote at General Meeting of Shareholders



Full name or corporate name of the director	Representative	Position on the Board	Date of first appointment	Date of most recent appointment	Procedure for election
Mr. Carlos Espinosa de los Monteros y Bernaldo de Quirós		Director	29/06/1994	06/06/2013	Vote at General Meeting of Shareholders
Ms. Belén Villalonga Morenes		Director	10/05/2006	09/06/2011	Vote at General Meeting of Shareholders
Mr. Daniel Entrecanales Domecq		Director	04/06/2009	24/05/2012	Vote at General Meeting of Shareholders
Mr. Javier Entrecanales Franco		Director	22/09/2011	24/05/2012	Vote at General Meeting of Shareholders
Ms. Sol Daurella Comadrán		Director	09/06/2011	09/06/2011	Vote at General Meeting of Shareholders
Mr. Valentín Montoya Moya		Director	19/05/2001	24/05/2012	Vote at General Meeting of Shareholders
Mr. Fernando Rodés Vila		Director	04/06/2009	24/05/2012	Vote at General Meeting of Shareholders
Mr. Juan Carlos Garay Ibargaray		Director	06/06/2013	06/06/2013	Vote at General Meeting of Shareholders
Ms. María del Carmen Becerril Martínez		Director	24/06/2014	24/06/2014	Vote at General Meeting of Shareholders
Mr. Jerónimo Marcos Gerard Rivero		Director	24/06/2014	24/06/2014	Vote at General Meeting of Shareholders

<b>Total number of directors</b>	13
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Indicate any departures from the board of directors that have occurred during the period reported:

Full name or corporate name of the director	Status of the director at the moment of departure	Date of departure
Ms. Consuelo Crespo Bofill	Independent	24/06/2014
Ms. Miriam González Durántez	Independent	24/06/2014

C.1.3 Complete the following tables about the members of the board and their various statuses:

**EXECUTIVE DIRECTORS**

<b>Full name or corporate name of the director</b>	<b>Committee reporting on his or her appointment</b>	<b>Position in the organizational structure</b>
Mr. José Manuel Entrecanales Domecq	Appointments and Remuneration Committee	President and Managing Director
Mr. Juan Ignacio Entrecanales Franco	Appointments and Remuneration Committee	Vice-President and Managing Director

<b>Total number of executive directors</b>	2
<b>% of total of the board</b>	15.38%

**EXTERNAL DIRECTORS REPRESENTING SUBSTANTIAL STAKEHOLDINGS**

<b>Full name or corporate name of the director</b>	<b>Committee reporting on his or her appointment</b>	<b>Full name or corporate name of the significant shareholder represented or proposing his or her appointment</b>
Mr. Javier Entrecanales Franco	Appointments and Remuneration Committee	Tussen de Grachten, BV
Mr. Daniel Entrecanales Domecq	Appointments and Remuneration Committee	Entreazca, BV

<b>Total number of directors representing substantial stakeholdings</b>	2
<b>% of total of the board</b>	15.38%

**INDEPENDENT EXTERNAL DIRECTORS**

**Full name or corporate name of the director**

Mr. Juan Carlos Garay Ibargaray

**Profile**

BA in Law and Economics from Deusto University (Bilbao).

He has also studied at the University of Southern California Marshall School of Business and has a Master's degree in Business Administration, and at Duke University Fuqua School of Business in the Senior Executive Programme.

One of the highlights of his career is his term at Citibank (1980-1989) as President of Citibank and the CEO of Citicorp for Spain and Portugal.

In 2000, he was appointed CEO of Deutsche Bank for the Iberian Peninsula and responsible for the Personal Banking Division for the whole of Europe, except Germany. Between 2005 and 2008, he was President of Deutsche Bank for Spain.

**Full name or corporate name of the director**

Mr. Jaime Castellanos Borrego

**Profile**

He held the position of President and CEO of Recoletos Communication Group from 1991 until its sale in 2007. He is currently president of Willis Iberia and Lazard Financial Advisors. Furthermore, he sits on the Board of Directors of Vocento and is Vice-president of the Seres Foundation.

**Full name or corporate name of the director**

Ms. Sol Daurella Comadrán

**Profile**

BSc in Business Studies and MBA in Business Administration from ESADE. Executive President of Coca-Cola Iberian Partners S.A. She is also an independent external director of Banco Santander, S.A., Co-President of Grupo Cacaolat, S.L., and a member of the Board of Patrons of several foundations (ESADE, FERRO-VHIO, Science Health and Education, and Friends of the Prado Museum).

**Full name or corporate name of the director**

Mr. Fernando Rodés Vila

**Profile**

He is Vice-President of the Havas Group, with headquarters in Paris. He began his professional career in 1985 at Manufacturers Hanover Trust Bank, in the capital markets division. In 1994 he was appointed Managing Director of Media Planning S.A., in 2006 took over the position of CEO of the Havas Group, the world's fifth-largest communications, marketing and advertising group listed on the Paris stock exchange (hav), a position he held until March, 2012. He is president of Neometrics, a director of other companies in his family conglomerate, Patron of the Nature Foundation launched by Accionatura, and President of the Catalanian Regional Government's Advisory Council for Sustainable Development.

**Full name or corporate name of the director**

Ms. Belén Villalonga Morenes

**Profile**

Lecturer at Harvard Business School where she teaches finance and appraisal of companies to students on the master's course (MBA), doctorate programme and the executive education programmes since July, 2001. She holds a Doctorate in Business Administration and a Master's Degree in Economics from University of California (Los Angeles), and a Degree and Doctorate in Economics and Business from the Complutense University in Madrid, where she has also lectured. Her areas of specialization are corporate finance, corporate governance and business strategy.

**Full name or corporate name of the director**

Mr. Jerónimo Marcos Gerard Rivero

**Profile**

BSc in Economics from the Autonomous Technological Institute of Mexico (ITAM) in 1993 and Master in Business Administration from Stanford University.

President and CEO of the Mexico Retail Properties (MRP) Group. In addition to his position as the Chief Executive of MRP, he is a director on the board of AMEXCAP, Vice-President of the Mexican Association of Property and Infrastructure Funds (AMFII), and sits on the boards of the Mexican Stock Market, the Group Mexicano de Desarrollo, S.A.B., Head of private investment funds in Mexico for the Latin America Enterprise Fund, President of Institutional Infrastructure and a Director of Telefónica Mexico.

He is Vice-President of the Special Olympics Council in Mexico and a lecturer in Microeconomics at the Autonomous Technological Institute of Mexico (ITAM).

He was CFO of Telefónica Móviles México and CEO of Telefónica B2B, and also worked for Goldman Sachs & Co.

He was an Advisor to the Deputy Finance Minister in the Government of Carlos Salinas throughout his presidential mandate (1988-1994).

**Full name or corporate name of the director**

Mr. Valentín Montoya Moya

**Profile**

He holds a degree in Economics from the Complutense University in Madrid.

He was Economic Oversight Director at ACCIONA, S.A. and was appointed to the Board of the said company in 2001. He was subsequently appointed Director and General Manager for Finance and Economics in 2004.

He has also sat on the boards of Endesa, S.A., Airtel Móvil, S.A., and the Empresa Hidroeléctrica de Navarra, S.A. (EHN).

Since 2009, he is an External Director of ACCIONA, S.A.

<b>Total number of independent directors</b>	7
<b>% total of the board</b>	53.85%

Indicate if any of the independent directors receive from the company or its group any amount or benefit other than their remuneration as director or if they maintain (or have maintained during the last financial year) any business relationship with the company or any company within the group in their own name or as a substantial shareholder, director, or senior manager of an entity that maintains or has maintained such a relationship.

**Full name or corporate name of the director**

Mr. Jaime Castellanos Borrego

**Description of the relationship**

Service agreements for financial and insurance advice.

**Reason for the Declaration**

The business relationships the group holds with Willis Iberia and Lazard Financial Advisors are not of significance by virtue of their quantity in the total calculation of the transactions carried out by such companies. Awards are generally made through rigorous contracting procedures, with several bids requested, and without the director being

involved in the decision-making and negotiation process. Therefore, the Board considers that this in no way impacts the director's ability to carry out his duties as an independent director.

The breakdown of the transactions is listed in Section H.

**Full name or corporate name of the director**

Ms. Sol Daurella Comadrán

**Description of the relationship**

Work, services and supplies

**Reason for the Declaration**

The business relationships the group holds with Cacaolat and Coca-Cola Iberian Partners are not of significance by virtue of their quantity in the total calculation of the transactions carried out by such companies. Awards are generally made through rigorous contracting procedures, with several bids requested, and without the director being involved in the decision-making and negotiation process. Therefore, the Board considers that this in no way impacts the director's ability to carry out her duties as an independent director.

The breakdown of the transactions is listed in Section H.

Where appropriate, a reasoned statement by the board shall be included, setting out the reasons why the director in question is considered able to perform his or her functions as an independent director.

**OTHER EXTERNAL DIRECTORS**

<b>Full name or corporate name of the Director</b>	<b>Committee informing or proposing appointment</b>
Ms. María del Carmen Becerril Martínez	Appointments and Remuneration Committee
Mr. Carlos Espinosa de los Monteros y Bernaldo de Quirós	Appointments and Remuneration Committee
<b>Total number of Other External Directors</b>	2
<b>% of the total Board</b>	15.38%

Detail the reasons why they cannot be considered directors representing substantial stakeholdings or independent directors, and state their connections, whether with the company, its directors or its shareholders:

**Full name or corporate name of the board member**

Ms. María del Carmen Becerril Martínez

**Company, director or shareholder with whom he has a connection:**

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**Reasons**

As she left her executive duties in May, 2014, and was appointed a director in June that same year, she cannot be considered an Independent Director as the time period of three years has not passed nor as a Director representing Substantial Shareholders, as she has not been appointed in her capacity as a shareholder.

State the changes, if any, that have taken place during the period with regard to the profile of each shareholder:

**Full name or corporate name of the board member**

Mr. Carlos Espinosa de los Monteros y Bernaldo de Quirós

**Company, director or shareholder with whom he has a connection:**

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**Reasons**

He cannot be considered an Independent Director pursuant to the provisions contained in article 529, sub-section 12 of the Capital Corporations Act, as he has been a Director for a continuous period of over 12 years. Law 31/2014 repealed Ministerial Order ECC/461/2013 which had allowed him to retain his status as an Independent Director until the conclusion of the current mandate despite being in office for over 12 years for those directors who had been performing the functions of Independent Directors as of 30 June 2013.

Indicate any variations that have occurred in the classification of directors in the period:

Full name or corporate name of the Director	Date of the change	Previous Status	Current Status
Mr. Valentín Montoya Moya	01/07/2014	Other External Director	Independent Director
Mr. Carlos Espinosa de los Monteros y Bernaldo de Quirós	24/12/2014	Independent Director	Other External Director

C.1.4 Complete the following table with the relevant information with regard to the number of female board members during the last four financial years, as well as the role of these female board members.

Type	Number of Female Board Members				Percentage of all board members of that type			
	2014	2013	2012	2011	2014	2013	2012	2011
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Representing External Shareholders	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	2	4	4	4	25.00%	50.00%	50.00%	50.00%
Other External	1	0	0	0	100.00%	0.00%	0.00%	0.00%
<b>Total:</b>	3	4	4	4	23.08%	30.70%	30.70%	30.70%

C.1.5 Explain the measures, if any, that have been taken to include a number of women on the Board of Directors so as to enable the board to achieve a balanced presence of women and men.

Explanation of the Measures
All required policies have been endorsed by the Board of Directors to avoid situations where the selection procedures suffer implicit biases that obstruct the selection, not only of board members, but also of any male or female employee, in the search for candidates holding the required competence, knowledge and experience to carry out the position. This is detailed in point 4.3 of Acciona's Code of Conduct, which guarantees equality through

its policies with regard to behaviour and does not tolerate any type of discrimination in the professional environment. The number of female board members is three, representing 23.08% of the total number on the Board.

C.1.6 Explain the measures the Appointments Committee has taken to ensure that selection procedures do not suffer implicit biases that obstruct the selection of female board members, and that the company deliberately looks for women with the required professional profile, and includes them in the list of potential candidates:

<b>Explanation of the Measures</b>
The Appointments and Remuneration Committee, in compliance with the Regulations for the Board of Directors and the group's Code of Conduct, includes women with an appropriate professional profile among potential candidates, and takes care to ensure that the selection procedures do not include implicit biases that could obstruct the selection of female board members. In 2014, this committee gave a favourable report on the appointment of Ms. María del Carmen Becerril Martínez as a Director

If, despite the measures adopted, there are few or no female directors, provide a justification:

<b>Explanation of the reasons</b>
[blank]

C.1.7 Explain the type of representation granted to major shareholders on the board.

The Executive Director, Mr. José Manuel Entrecanales Domecq, and the Director representing external shareholders, Mr. Daniel Entrecanales Domecq, are shareholders of Entrezca, BV.

The Executive Director, Mr. Juan Ignacio Entrecanales Franco and the Director representing external shareholders, Mr. Javier Entrecanales Franco, are shareholders of Tussen de Grachten BV.

C.1.8 Explain, where appropriate, the reasons why directors representing external shareholders whose shares represent less than 5% of the capital have been appointed:

Indicate whether formal requests for a seat on the board from shareholders with a stake equal to or greater than that of others, at whose request directors representing substantial shareholders were appointed have not been respected. Where appropriate, explain the reasons why they have not been respected:

**No**

C.1.9 Indicate whether any director has resigned from his/her position prior to the end of the term, whether any reasons have been explained to the Board, and through what channel, and then explain at least the reasons provided:

**Name of the Director:**

Ms. Miriam González Durántez

**Reason for resigning:**

The Director tendered her resignation for personal reasons that were set out at the meeting of the Board of Directors held on 14 May 2014.

**Name of the Director:**

Ms. Consuelo Crespo Bofill

**Reason for resigning:**

The Director tendered her resignation for personal reasons that were set out at the meeting of the Board of Directors held on 14 May 2014.

C.1.10 Indicate, where applicable, any powers delegated to director(s) who have been empowered:

**Full name or corporate name of the director**

Mr. José Manuel Entrecanales Domecq

**Brief Description**

All the powers of the Board of Directors, except for those that cannot be delegated by Law, to be exercised jointly and severally.

**Full name or corporate name of the director**

Mr. Juan Ignacio Entrecanales Franco

**Brief Description**

All the powers of the Board of Directors, except for those that cannot be delegated by Law, to be exercised jointly and severally.

C.1.11 Indicate, where appropriate, the directors holding administrative or management positions in other companies forming part of the group of the listed company:

C.1.12 Detail those Company directors, if any, who are directors of other entities listed on official stock markets not related to this group and notified to the company:

Full name or corporate name of the board member	Corporate name of the listed entity	Position held
Mr. Jaime Castellanos Borrego	Vocento, S.A.	Director
Mr. Carlos Espinosa de los Monteros y Bernaldo de Quirós	Industria de Diseño Textil, S.A.	Director
Ms. Belén Villalonga Morenes	Grifols, S.A.	Director

C.1.13 Indicate and, where appropriate, explain whether the company has established rules regarding the number of members who may serve on the board

Yes

Explanation of the Rules
Article 38.1 c) of the Regulations for the Board of Directors obliges directors not to belong to the Boards of more than four listed companies (excluding Acciona).



C.1.14 List the policies and general company strategies that the board has reserved for approval at a plenary session:

	Yes	No
<b>Finance and Investment Policy</b>	X	
<b>Definition of the structure of the corporate group</b>	X	
<b>Corporate Governance Policy</b>	X	
<b>Corporate Social Responsibility Policy</b>	X	
<b>Strategic or business plan, together with annual goals and budget</b>	X	
<b>Performance evaluation and remuneration policy for senior management</b>	X	
<b>Risk Management Policy, as well as periodic monitoring of internal information and control systems</b>	X	
<b>Policy on dividends, as well as the policy for treasury stock and, especially, the limits thereon</b>	X	

C.1.15 Indicate the total remuneration for the board of directors.

<b>Remuneration for the Board of Directors (in thousands of euros)</b>	6,199
<b>Amount of the total remuneration corresponding to pension rights accumulated by directors (in thousands of euros)</b>	1,125
<b>Overall remuneration for the board of directors (in thousands of euros)</b>	7,324

C.1.16 Identify the members of the Senior Management who are not Executive Directors and indicate the total remuneration paid to them during the year:

<b>Full name or corporate name</b>	<b>Position(s):</b>
Mr. Félix Rivas Anoro	General Manager of Procurement, Innovation, Environment and Quality
Mr. Pio Cabanillas Alonso	General Manager of the Corporate Image and Global Marketing Department
Mr. Carlos López Fernández	General Manager of Acciona Engineering and Industrial Area
Mr. Alfonso Callejo Martínez	General Manager of Corporate Resources
Mr. Raúl Beltrán Núñez	Director of Acciona Internal Audit
Mr. Francisco Adalberto Claudio Vázquez	General Manager of Civil Works
Mr. Luís Castilla Cámara	CEO Acciona Infrastructures
Ms. Macarena Carrión López de la Garma	General Manager of the President's Office
Ms. Carmen Becerril Martínez	General Manager of International Business

<b>Full name or corporate name</b>	<b>Position(s):</b>
Mr. Carlos María Arilla de Juana	General Manager of the Economics and Finance Department
Mr. Rafael Mateo Alcalá	CEO of Acciona Energy
Ms. María Dolores Sarrión Martínez	General Manager of the Corporate Resources Department
Mr. Jorge Vega-Penichet Lopez	Secretary General
Mr. Ricardo Molina Oltra	General Manager of Acciona Service
Mr. Joaquin Mollinedo Chocano	General Manager of Institutional Relations
Mr. Joaquin Ancín Viguiristi	General Manager of Engineering, Construction and Innovation at Acciona Energy
Mr. José María Farto Paz	General Manager of Acciona Infrastructures - Galicia
Ms. Arantza Ezpeleta Puras	General Manager of the International Area. President's Office
Mr. Ignacio Aguilera Carmona	General Manager of Acciona Trasmediterránea
Mr. Juan Ramón Silva Ferrada	General Manager of Sustainability
Mr. José Luís Blanco Diéguez	General Manager of Acciona Windpower
Mr. José Manuel Terceiro Mateos	General Manager of Economics and Finance at Acciona Infrastructures
Mr. Eduardo Medina Sánchez	General Manager of Business Development at Acciona Energy
Mr. Juan Manuel Cruz Palacios	General Manager of Labour Relations, Environment and Quality Plan, and Sustainability at Acciona Infrastructures
Mr. Roberto Fernández López	General Manager of Corporate Resources at Acciona Infrastructures
Mr. Justo Vicente Pelegrini	General Manager of Acciona Infrastructures Spain and Construction in Africa, Sweden and Emirates
Mr. Carlos Navas García	General Manager of Acciona Airport Services
Mr. José Ángel Tejero Santos	General Manager of Economic Control and Finance
Mr. Jesús Alcázar Viela	General Manager of Acciona Infrastructures in Latin America
Mr. Vicente Santamaria de Paredes Castillo	General Manager of Legal Services
Mr. Juan Antonio Muro-Lara Girod	General Manager of Corporate Development and Investor Relations
Ms. Isabel Antúnez Cid	General Manager of Property Development
Ms. Olga Corella Hurtado	General Manager for Economic Control at Acciona Infrastructures
Mr. José Luis Díaz-Caneja Rodríguez	General Manager at Acciona Water
Mr. Fernando Fajardo Gérez	General Manager for Acciona

Full name or corporate name	Position(s):
	Infrastructures Australia and South-East Asia
Mr. Walter de Luna Butz	CEO Acciona Property
Mr. Ramón Jiménez Serrano	General Manager for Acciona Engineering and Industrial Area

Total Senior Management remuneration (in thousands of euros)	<b>17,159</b>
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C.1.17 Describe the identity of the members of the Board, if any, who are also members of the Board of Directors of companies that are significant shareholders and/or of companies in their corporate group:

Describe, if any, the relevant relationships other than those referred to in the previous section held by members of the Board of Directors and linking them to significant shareholders and/or entities in their corporate group:

**Full name or corporate name of the related director**

Mr. José Manuel Entrecanales Domecq

**Name or company name of the related Significant Shareholder**

Entreazca, BV

**Description of the relationship**

Shareholder

**Full name or corporate name of the related director**

Mr. Juan Ignacio Entrecanales Franco

**Name or company name of the related Significant Shareholder**

Tussen de Grachten, BV

**Description of the relationship**

Shareholder

**Full name or corporate name of the related director**

Mr. Javier Entrecanales Franco

**Name or company name of the related Significant Shareholder**

Tussen de Grachten, BV

**Description of the relationship**

Shareholder

**Full name or corporate name of the related director**

Mr. Daniel Entrecanales Domecq

**Name or company name of the Significant Shareholder**

Entreazca, BV

**Description of the relationship**

Shareholder

C.1.18 Indicate whether there were any changes to the Regulations for the Board of Directors during the year:

No

C.1.19 Describe the procedures for the selection, appointment, re-election, evaluation and removal of Directors. List the competent bodies, procedures to be followed and criteria to be used in each of the procedures.

Directors are appointed by the General Meeting, except where the Board of Directors uses co-opting to fill vacancies or directors are appointed by Shareholders exercising their right to proportional representation.

The Board of Directors must respect the Regulations when formulating proposals to the General Meeting for the appointment of Directors and deciding the appointments made by the Board of Directors through co-opting.

The Board of Directors will comprise Directors representing substantial stakeholdings, Independent Directors and Executive Directors.

Proposals for appointment or renewal of Directors submitted by the Board of Directors to the General Meeting and temporary appointments by co-opting shall be adopted by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of Independent Directors, and the preliminary report issued by the Appointments and Remuneration Committee, in the case of other Directors.

The Board of Directors, in the exercise of its powers to propose to the General Meeting and to use co-opting to fill vacancies, will ensure that, within the membership of the Board, Directors representing substantial stakeholdings and Independent Shareholders will represent a substantial majority over the Executive Directors and the number of Executive Directors will be kept to the necessary minimum in consideration of the complexity of the corporate group and the ownership interests of the Executive Directors in the company's capital, and that the number of Independent Directors will represent at least one third of all board members.

The Board and the Appointments and Remuneration Committee shall ensure that, within the scope of their respective powers, the choice of Independent Directors will favour those with recognized solvency, competence and experience who are willing to devote a sufficient amount of time to performing the duties of the position. Any Director may request that the Appointments and Remuneration Committee take into consideration potential candidates whom they consider appropriate to fill vacancies on the Board.

The Appointments and Remuneration Committee shall also report to the Board of Directors on the proposed re-election of Directors. In its recommendation, the Appointments and Remuneration Committee will assess the quality of their work and dedication to the office during their term.

Directors will cease to hold office:

- if they so choose, at any time.
- when required to do so by the General Meeting in exercise of the powers conferred on it by law,
- when the next General Meeting of the Shareholders is held once the term for which they were appointed expires, or else after the legally established deadline for holding the next Annual General Meeting has passed, if it has not been held.

The 2012 General Meeting of Shareholders approved the proposed statutory amendment to Article 31.1 of the Articles of Association, by which the term of appointment of Directors is reduced to three years instead of 5, without prejudice to the ability to be re-elected one or more times.

The new three-year term established in the Articles of Association applies to all Directors whose appointment or election occurred at that General Meeting and those who are appointed or re-elected thereafter. For those appointed prior to this date, the term of office shall be in accordance with the criterion applied by the Directorate General for Public Registries and Notaries Public (Resolutions of the DGRN dated 4 May 2006, and 18 March 2011), without prejudice to any pertinent decisions that may be adopted by the General Meeting.

In addition, in those cases referred to below in section C.1.21, Directors must tender their resignation to the Board of Directors and resign, if the Board deems this appropriate.

During the 2014 financial year, the Appointments and Remuneration Committee proposed to the Board the appointment of Mr. Jerónimo Marcos Gerard Rivero as an Independent External Director and Ms. Carmen Becerril Martínez as an External Director.

C.1.20 Indicate whether the Board has conducted an assessment of its activity during the financial year:

**Yes**

Where appropriate, explain to what extent the self-assessment has resulted in important changes to the Board's internal organization and the procedures applicable to its activities:

<b>Description of changes</b>
<p>The Board of Directors evaluates the quality and efficiency of the Board annually, including the performance of the duties performed by the Board's President, Vice-President, Executive Committee and other Committees based on the reports submitted for that purpose. The evaluation is carried out through individual forms, which are completed anonymously by each Director and, once completed, the Audit Committee and the Appointments and Remuneration Committee discuss the results and issue the relevant reports for the Board of Directors.</p> <p>Self-evaluation has not led to significant changes in the internal organization of the Board.</p>

C.1.21 Indicate the circumstances under which the Directors are forced to resign.

Directors must tender their resignation to the Board of Directors and, if deemed appropriate, formally resign in the following cases:

- a) In the case of Directors representing substantial holdings, when the reasons for which they were named Director are no longer relevant (i.e. the entity or group they represent ceases to hold a significant stake in the share capital of Acciona or when the entity or corporate group requests their replacement as Director).
- b) In the case of Independent Directors, if they join the ranks of Acciona's leading executives or any of its subsidiaries, or when, for other reasons, circumstances arise that are incompatible with the status of an Independent Director.
- e) In the case of Executive Directors, when they leave the executive post for which they were appointed as Directors.
- d) When they are involved in any case deemed incompatible or prohibited by Law or Regulations.
- e) When reprimanded by the Audit Committee for a serious breach of any of their obligations as Directors.
- f) When their remaining on the Board could affect the credit or reputation of Acciona and its group on the market or otherwise jeopardize its interests and particularly if a case is brought against the Company or if oral proceedings are held for any of the offences listed in Article 213 of the Capital Corporations Act.

C.1.22 Indicate whether the duties of the Company's Chief Executive rest with the President of the Board. Where applicable, explain the measures taken to limit the risk of a single person accumulating powers:

**Yes**

<b>Measures to mitigate risks</b>
The catalogue of decisions and competences corresponding to the Board of Directors, the Committees and the existence of an Executive Committee are considered appropriate measures to limit the risk of a single person accumulating powers.

Indicate and explain, where applicable, if rules have been established to empower one of the Independent Directors to call a meeting of the Board, add new business to the agenda, coordinate and hear the concerns of External Directors and conduct the evaluation by the Board of Directors.

**Yes**

<b>Explanation of the rules</b>
<p>The Regulations for the Board of Directors under Article 19.4 indicate that:</p> <p>“At the proposal of the Appointments and Remuneration Committee, the Board of Directors will appoint one of the Independent Directors as the “Lead Independent Director” who shall perform the following functions and duties: a) Co-ordinate the work of External Directors appointed by the Company, for the defence of the interests of all the Company’s Shareholders and will reflect the concerns of these Directors; b) Request that the President of the Board convene the Board and include certain matters on the agenda as appropriate under the Rules of Good Governance; and c) Direct the Board of Director’s evaluation of its President.”</p> <p>Also, pursuant to the Articles of Association, the Board shall be convened whenever necessary at the request of the Vice-President, a Managing Director, a Chief Executive Officer or one third of the Directors on the Board. The Articles of Association also provide for any Director, either prior to or during the meeting, is entitled to put forward any other matter for discussion and voting, in such order as the President may establish in the exercise of his or her prudent discretion.</p>

C.1.23 Is a reinforced majority, other than those legally stipulated, required for any type of decision?

No

Where applicable, describe the differences.

C.1.24 Explain whether there are specific requirements, other than those relating to the Directors, to be appointed President of the Board of Directors.

No

C.1.25 Indicate whether the President has the casting vote:

**Yes**

<b>Matters for which there is a casting vote</b>
Resolutions are adopted by an absolute majority of the members of the Board who are present or represented by proxy. In case of a tie, the President or Acting President will have the casting vote, in accordance with Article 37 of the Articles of Association.

C.1.26 Indicate whether the Articles of Association or the Regulations for the Board of Directors establish an age limit for directors:

No

C.1.27 Indicate whether the Articles of Association or the Regulations for the Board of Directors establish a limited mandate for Independent Directors, other than that established under the Regulations:

No

C.1.28 Indicate whether the Articles of Association or the Regulations for the Board of Directors establish specific rules for proxy voting during board meetings, how this is carried out and, in particular, the maximum number of proxies a Director may have, as well as if it has been established that a Director of the same type must be established as the proxy. If applicable, briefly detail these rules.

The Regulations for the Board of Directors provide that Directors must attend Board meetings, although the President may authorize, under exceptional circumstances, the participation of Directors via video-conference, telephone or other means of telecommunication enabling the Director to be unequivocally identified and the confidentiality of the discussions to be preserved. In such cases, the Directors participating in the session are considered to be physically present.

When a Director cannot attend in person (a circumstance that should only occur with especially good cause) and does not participate by means of remote communication, that Director will strive to designate another member of the Board of Directors as a proxy and indicate to that member, as far as possible, appropriate voting instructions. Representation must be granted by letter or by such other written medium as the President may judge to be sufficient.

There is no limit set for the maximum number of proxies a Director may hold, nor is there any obligation to delegate in favour of a Director of the same type.

In the 2015 financial year, the rules governing Acciona (Articles of Association, Regulations for the General Meeting and the Regulations for the Board of Directors) are to be adapted due to the amendments introduced by Law 31 dated 3 December 2014 in particular with regard to the delegation of representation.

C.1.29 State the number of meetings the Board of Directors has held during the financial year. In addition, point out the times the board has met without the president. Attendance of representatives with specific instructions will be considered in the calculation.

<b>Number of Board Meetings</b>	11
<b>Number of Board Meetings without the President in attendance</b>	0

State the number of meetings the various committees of the Board have held during the financial year:

<b>Committee</b>	<b>N° of Meetings</b>
<b>Audit Committee</b>	4
<b>Appointments and Remuneration Committee</b>	9
<b>Sustainability Committee</b>	4

C.1.30 Indicate the number of meetings held by the Board of Directors during the financial year with the attendance of all its members. Attendance of representatives with specific instructions will be considered in the calculation:

<b>Attendance of board members</b>	1
<b>% of attendances over the total number of votes in the financial year</b>	93.70%

C.1.31 Indicate whether the individual and consolidated annual accounts presented to the Board for approval have previously been certified:

**No**

Identify the person or persons, if any, who have certified the Company's annual individual and consolidated accounts for approval by the Board:

C.1.32 Explain, if any, the mechanisms established by the Board of Directors to avoid the situation where the individual and consolidated accounts drawn up are submitted to the General Meeting without an unqualified opinion from the auditors in their report.

It is the obligation of the Board of Directors to ensure that the accounts have been prepared in such a way that the Auditors are able to issue an unqualified opinion. However, if the Board considers that it must uphold its criterion, the president of the Audit Committee and the auditors will clearly explain the scope and contents of discrepancies to the shareholders.

The Audit Committee's functions also include the obligation to act as a channel for communication between the Board of Directors and the external auditors, to evaluate the results of each audit, and the responses of the management team to its recommendations, and to mediate and arbitrate in those cases where there are discrepancies regarding the principles and criteria applicable to the preparation of the financial statements.

The annual individual and consolidated accounts for the 2014 financial year are expected to be submitted to the General Meeting with an unqualified opinion in the auditors' report.

C.1.33 Does the Secretary to the Board hold the position of Director?

**No**

C.1.34 Explain the appointment and termination procedures for the Secretary to the Board, indicating whether his/her appointment and termination is reported by the Appointments Committee and approved by the plenary session of the Board.

<b>Appointment and Termination Procedure</b>
The Secretary to the Board is appointed by the Board of Directors, following a report drawn up in advance by the Appointments and Remuneration Committee. Equally, termination is the responsibility of the Board of Directors following a prior report by the Committee. The same procedure applies to the Vice Secretary.

	<u>Yes</u>	<u>No</u>
<b>Does the appointments committee report on the appointment?</b>	<b>X</b>	
<b>Does the appointments committee report on the termination?</b>	<b>X</b>	
<b>Does the board approve the appointment in plenary session?</b>	<b>X</b>	
<b>Does the board approve the termination in plenary session?</b>	<b>X</b>	



Is the Secretary of the Board entrusted with the function of monitoring the follow-up of recommendations of good governance with special attention?

Yes

<b>Observations</b>
The Regulations for the Board of Directors state that it is the responsibility of the Secretary to promote awareness of and compliance with the provisions of the regulatory authorities and consideration of their recommendations relating to the Board of Directors, Directors and the Executive Committee, if any.

C.1.35 Indicate the mechanisms established by the company, if any, to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

The Regulations for the Board of Directors require that it has the obligation to establish, through the Audit Committee, a professional and stable relationship with Acciona's external auditors and the principal companies in its group, with strict respect for their independence. At the same time, in order to ensure the auditors' independence, the Audit Committee must:

- a) Receive annually written confirmation from the external auditors of their independent status from the Company or entities connected to the company, either directly or indirectly, such as information on additional services of any type provided to these entities by the above-mentioned auditors, or by the persons or entities connected to them pursuant to the provisions contained in the Legislation on the auditing of accounts and other applicable regulations.
- b) Issue annually, prior to the issuance of the auditors' report, a report that includes an opinion on the independence of the external auditors. In any case this report will indicate the rendering of additional services referred to in the previous paragraph.
- c) Acciona will communicate to the Spanish National Securities Market Commission (CNMV) the change of auditor as a relevant event; this will be accompanied by a declaration should any disagreements exist with the outgoing auditor and, if they did, setting out their content.
- d) Make sure that Acciona and the Auditors respect the rules in place regarding the rendering of services other than auditing services, the limits on the concentration of the auditors' business and, in general, the rest of the rules established to ensure the independence of auditors.

The Audit Committee will refrain from proposing to the Board of Directors, which will in turn refrain from submitting to the General Meeting of Shareholders, the appointment of any audit firm as the auditors of the accounts of Acciona or its group if the firm in question is affected by any grounds for incompatibility pursuant to the legislation on account auditing.

The Board of Directors declares in the Notes comprising the annual accounts the total amount of fees paid for the external audit of the annual accounts and the amounts paid for other services rendered to professionals related to the external auditors, with a breakdown of payments to the auditors and those to any company in the same group of companies to which the auditor belongs, or to any other company to which the auditor is connected through joint ownership, management or control.

With regard to financial analysts, the Board of Directors applies the same standards as in the dialogue with shareholders, ensuring equal treatment between them and taking special care to ensure symmetric and simultaneous communication to the market of such data, scenarios and plans that may have an effect on the quotation of its shares on the stock market.

C.1.36 Indicate whether the Company has changed the external auditors during the financial year. Where appropriate, name the incoming and outgoing auditors:

No

If there were any disputes with the outgoing auditors, explain the reason:

C.1.37 Indicate whether the audit firm performs any work for the company and/or its group other than audit work, and where appropriate declare the amount of fees received for this work and the percentage this represents of all fees invoiced to the company and/or its group:

Yes

	Company	Group	Total
Amount of work other than auditing (in thousands of euros)	2,699	1,228	3,927
Amount of work outside the audit / Total amount invoiced by the audit firm (as a percentage)	86.60%	32.80%	57.20%

C.1.38 Indicate whether the auditors' report on the annual accounts for the previous year contains any reservations or qualifications. In this case, indicate the reasons given by the president of the audit committee to explain the content and scope of such reservations or qualifications.

No

C.1.39 State the number of consecutive years that the current audit firm has carried out the auditing of the company's and/or its group's annual accounts. Also, state the percentage that the number of years audited by the current audit firm represents over the total number of years that the annual accounts have been audited:

	Company	Group
Number of consecutive years	13	13
N° of financial years audited by the current firm of auditors / n° of financial years the Company has had audited (as a %)	52.00%	52.00%

C.1.40 Indicate and, where appropriate, detail if a procedure exists through which the board members may seek external advice:

Yes

<b>Details of the Procedure</b>
<p>Article 41 of the Regulations for the Board of Directors establishes that for the purposes of assistance in exercising their responsibilities, directors may contract their own consultants, at Acciona's expense, for legal, accounting, financial or other matters.</p> <p>The contracting of such external consultants will be limited to assignments dealing with specific problems of a certain prominence and complexity that arise in the exercise of their appointments.</p> <p>The contracting of consultancy services to assist board members must previously have been notified to the President of the Board of Directors.</p> <p>The contracting of consultancy services to assist board members may be vetoed by the Board of Directors if this body considers, by an absolute majority, that:</p> <ul style="list-style-type: none"> <li>a) it is not necessary for the full performance of the duties entrusted to directors;</li> <li>b) the cost is not reasonable with regard to the significance of the problem;</li> <li>c) the technical assistance sought can be adequately provided by Acciona's technical experts; or</li> <li>d) there might be a risk to the confidentiality of the information to be handled.</li> </ul> <p>If the President of the Board of Directors convenes a session of this organ to rule on a veto of such contracting, then this contracting will be postponed until the meeting has taken place or until a resolution has been adopted. The decision should be adopted without delays that could impair the rights of directors.</p> <p>In the 2014 financial year no director requested the contracting of external consultants at Acciona's expense.</p>

C.1.41 Indicate and, where appropriate, detail whether a procedure exists to provide directors with the information necessary to prepare for the meetings of the Company's organs of governance sufficiently in advance:

Yes

<b>Details of the Procedure</b>
<p>The Board of Directors sets the schedule and programme of topics for the ordinary sessions before the beginning of each calendar year, without prejudice to subsequent modification for good cause. Notice of meeting is given by letter, fax, telegram or e-mail at least three days prior to the date set although, should the circumstances of the case require, the President may convene an extraordinary Board Meeting by telephone without complying with the notice period or the other requirements of the next section.</p> <p>The notice of meeting will include a draft of the planned Agenda for the session, accompanied by pertinent information available in writing, without prejudice to the possibility for any board member to request information deemed necessary to complement the information delivered.</p>

C.1.42 Indicate and provide details, where appropriate, whether the company has established rules obliging directors to inform of and, where appropriate, resign in scenarios that may harm the Company's credit and reputation:

Yes

**Explain the rules**

Article 53.2 obliges directors to declare all claims, whether judicial, administrative, or of any other nature initiated against the director, as well as any subsequent changes in circumstance that might seriously impact Acciona's reputation due to their significance. Directors must tender their resignation to the Board of Directors, which may, if necessary, accept this if the director's position on the Board could affect the credit or reputation enjoyed by Acciona and its group on the market, or jeopardize its interests in any way. In particular, directors must inform the Board whenever criminal proceedings are instituted or a trial is ordered for any of the offences listed in article 213 of the Capital Corporations Act. In such situations, the Board will examine the case as soon as possible and, in the light of the specific circumstances, will decide whether or not the director may continue as a member of the board. Any such scenario will be set out in a reasoned manner in the Annual Corporate Governance Report.

- C.1.43 Indicate whether any member of the board of directors has informed the Company that criminal proceedings have been instituted or a trial ordered for any of the offences listed in article 213 of the Capital Corporations Act:

**No**

Indicate whether the board of directors has analysed the case. If the answer is positive, explain the decision taken in a reasoned manner, whether the director continues to sit on the board or else, where appropriate, explain the actions taken by the board of directors up to the date of the current report, or any that are planned.

- C.1.44 Detail any significant resolutions adopted by the Company and have been put into effect, amended or withdrawn in the event of a change of control over the Company due to a public buy-out, and their effects.

Acciona issued convertible bonds in the amount of 342 million euros during the month of January, 2014. The terms and conditions of these bonds recognize a right to early redemption in favour of bondholders in those cases where there are changes in control and also to an adjustment in the initial conversion price in those cases where a public offer to acquire stock is announced, as these scenarios are defined in the terms and conditions related to the issue.

Furthermore, in April that same year, Acciona issued Simple Debentures in the amount of 62,700,000 euros. The terms and conditions of these simple debentures recognize a right to early redemption in favour of bondholders in those cases where there are changes in control, as defined in the terms and conditions related to the issue.

Lastly, Acciona has signed two loan agreements with the European Investment Bank (EIB) in the amounts of 120 and 185 million euros to finance Group R&D programmes; these agreements recognize the EIB's right to claim for reimbursement in the change of control scenarios defined in the agreements.

- C.1.45 Identify, in the aggregate, and indicate in detail any agreements entered into between the Company and its directors, management or employees for the establishment of compensation, guarantee clauses or golden parachutes when they resign or are unfairly dismissed, or if the contractual relationship ends due to a public buy-out or other events.

**Number of Beneficiaries: 5**

**Type of Beneficiary**

Managers

**Description of Agreement**

The Company's general criterion with regard to senior management and executives is not to offer compensation, except for those amounts established for the specific cases foreseen under the employment law in force in the absence of any express agreement.

The foregoing notwithstanding, a total of five executives, none of whom are executive directors, have agreed specific terms in the event that their employment contract comes to an end due to improper dismissal, or at the discretion of the Company.

The amounts of such clauses, which do not affect executive directors, is as follows: one clause for 1.5 times the annual salary, two clauses for an amount equivalent to twice the annual salary, and two clauses for an amount equivalent to six months' salary.

Indicate whether these contracts have been notified to and/or approved by the bodies of the company or its group:

	<b>Board of Directors</b>	<b>General Meeting</b>
<b>Body authorizing the clauses</b>	<b>Yes</b>	<b>No</b>

	<b>YES</b>	<b>NO</b>
<b>Was the General Meeting informed of the clauses?</b>	<b>X</b>	

**C.2 Committees of the Board of Directors**

C.2.1 List all committees of the Board of Directors, their members and the proportion of directors representing substantial holdings and independent directors.

**EXECUTIVE COMMITTEE OR DELEGATED COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr. José Manuel Entrecanales Domecq	President	Executive Director
Mr. Juan Ignacio Entrecanales Franco	President	Executive Director
Mr. Jaime Castellanos Borrego	Member	Independent Director
Mr. Carlos Espinosa de los Monteros and Bernaldo de Quirós	Member	Other External Director
Mr. Valentín Montoya Moya	Member	Independent Director

<b>% of Executive Directors</b>	40.00%
<b>% of Directors representing substantial holdings</b>	0.00%
<b>% of Independent Directors</b>	40.00%
<b>% of Other Non-Executive Directors</b>	20.00%

**AUDIT COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr. Jaime Castellanos Borrego	President	Independent Director

Ms. Sol Daurella Comadrán	Member	Independent Director
Mr. Valentín Montoya Moya	Member	Independent Director

<b>% of Executive Directors</b>	0.00%
<b>% of Directors representing substantial holdings</b>	0.00%
<b>% of Independent Directors</b>	100.00%
<b>% of Other External Directors</b>	0.00%

**APPOINTMENTS AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr. Fernando Rodés Vila	President	Independent Director
Mr. Valentín Montoya Moya	Member	Independent Director
Mr. Jaime Castellanos Borrego	Member	Independent Director
Mr. Juan Carlos Garay Ibargaray	Member	Independent Director

<b>% of Executive Directors</b>	0.00%
<b>% of Directors representing substantial holdings</b>	0.00%
<b>% of Independent Directors</b>	100.00%
<b>% of Other External Directors</b>	0.00%

**SUSTAINABILITY COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr. Daniel Entrecanales Domecq	President	Director representing substantial holdings
Mr. Fernando Rodés Vila	Member	Independent Director
Mr. Javier Entrecanales Franco	Member	Director representing substantial holdings

<b>% of Executive Directors</b>	0.00%
<b>% of Directors representing substantial holdings</b>	67%
<b>% of Independent Directors</b>	33%
<b>% of Other External Directors</b>	0%

C.2.2 Fill out the following chart with information regarding the number of female directors comprising each committee of the Board of Directors over the last four years:

	<b>Number of female directors</b>							
	<b>2014</b>		<b>2013</b>		<b>2012</b>		<b>2011</b>	
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
<b>Executive or Delegated Committee</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Audit Committee</b>	1	33%	2	50.00%	1	25.00%	1	25.00%
<b>Appointments and</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%

<b>Remuneration Committee</b>				
<b>Sustainability Committee</b>	0 0.00%	1 25.00%	1 25.00%	1 25.00%

C.2.3 Indicate whether the following are among the duties of the Audit Committee:

	Yes	No
Supervising the process of producing financial reports about the Company and, if necessary, the group, and overseeing its integrity, verifying compliance with regulatory requirements, proper delimitation of the scope of consolidation and the correct application of accounting criteria.	X	
Periodically reviewing internal control and risk management systems in order to identify, manage and make the main risks properly known.	X	
Ensuring the independence and effectiveness of the internal audit function; proposing the selection, appointment, re-election and removal of the head of the internal audit service; proposing the budget for that service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations in its reports.	X	
Establishing and supervising a mechanism that allows employees to report in confidence and, if appropriate, anonymously any irregularities with potentially serious implications, especially those of a financial or accounting nature, observed within the company.	X	
Bringing proposals for the selection, appointment, re-election and replacement of the external auditor before the board, as well as the conditions for hiring the same.	X	
Regularly receiving information from the external auditor on the auditing plan and the results of its implementation, and verifying that senior management is taking the recommendations made into account.	X	
Ensuring the independence of the external auditor.	X	

C.2.4 Describe the rules for the organization and operation of the committees of the Board, as well as the responsibilities assigned to each one.

**A) ORGANIZATION AND OPERATION OF THE COMMITTEES.**

Meetings are held on the dates set by the Committees in their session schedule, and whenever convened by their President, on his or her own initiative or at the request of two of its members in the case of the audit committee.

The notice of meeting is given by the President or by the Secretary on the instructions of the President. If the President is absent or unable to give the notice, the Secretary shall do so at the request of any of the members.

Committees are validly called to order when at least half their members are present, either in person or by proxy. It is possible to attend by video-conference, telephone or other means of telecommunication, and those participating in the session in this way shall be deemed physically present. Committees adopt their resolutions by an absolute majority of members attending either in person or by proxy.

The Secretaries of the Committees shall draw up minutes of each of their meetings. The Board of Directors may access the Committees' minutes at any time. Committees may request, on the initiative of the Committees themselves or on the decision of their Presidents, the participation of any executive of Acciona or of any company over which it exerts significant influence. They may also request the participation at their sessions of

external advisors or the statutory auditors of Acciona or of companies over which it exerts significant influence, and the cost thereby incurred shall be covered by Acciona.

The Executive Committee meets whenever exceptional circumstances make this necessary. The notice of meeting is the responsibility of the President, either at his or her own initiative or at the request of two of the committee's members.

The Appointments and Remuneration Committee will meet at least once a year to assess remuneration and, where appropriate, to report on the renovation of the members of the Board of Directors, the Executive Committee or other Committees, and it will hold such other sessions as may be appropriate to deal with the requests received from the Board, the President, the Managing Director or the Executive Committee within the scope of their respective powers.

The Audit Committee will meet on a regular basis depending on need and at least four times a year, prior to the publication and distribution by Acciona of its financial information.

The Sustainability Committee will meet quarterly to assess the degree of compliance with the Sustainability and corporate social responsibility policies approved by the Board of Directors. In addition, it will meet whenever convened in accordance with the provisions contained in the Regulations.

**B) RESPONSIBILITIES ENTRUSTED TO THE COMMITTEES**

The responsibilities of the Board's committees are defined in article 40 of the Articles of Association and in the Regulations for the Board of Directors in articles 30, 32 and 32 bis, the text of which is accessible on the Company's website.

- C.2.5 Indicate, if relevant, whether there are any regulations in place for the Board's Committees, where these regulations can be consulted, and any changes to these made during the financial year. In addition, indicate whether any report on the activities of each committee has been voluntarily prepared.

There are no specific regulations for the Board's committees, as the provisions contained in the Regulations for the Board of Directors with regard to its committees are sufficient to regulate their organization and operation.

The Regulations for the Board of Directors, as well as all other corporate information, can be found in the Corporate Governance section of the Company's website: [www.acciona.es](http://www.acciona.es)

- C.2.6 Indicate whether the composition of the delegated or executive committee reflects the composition of the Board, with regard to the proportions of the different types of directors:

No

**If the answer is No, explain the composition of the delegated or executive committee**

The executive committee includes executive and independent directors. There are no directors representing substantial stakeholdings, although the executive directors also have traits characteristic of directors representing substantial stakeholdings.

**D RELATED PARTY TRANSACTIONS AND INTRAGROUP ACTIVITIES**



- D.1 Identify the competent body and explain, where appropriate, the process for approval of transactions with related parties and within the group:

<b>Appropriate body for the approval of related party transactions</b>
Board of Directors

<b>Process for approval of related party transactions</b>
<p>According to the provisions of the Regulations for the Board of Directors, the carrying out by Acciona, or by the institutions over which Acciona exercises significant influence, of any transaction with directors, with shareholders who own a holding equal to, or in excess of, five per cent (5%) of the issued share capital or who have proposed the appointment of one of the directors of the Company, or with the respective Related Persons, will be subject to the authorization of the Board of Directors or, in urgent cases, of the Executive Committee, with retrospective ratification by the Board of Directors, subject to a report of the Appointments and Remuneration Committee.</p> <p>The Board of Directors will monitor, by means of the Appointments and Remuneration Committee, that the transactions between Acciona or the Companies over which it exercises significant influence and its directors, the shareholders referred to in the previous section or their respective Related Persons are carried out according to market conditions and with regard to the principles of equal treatment of shareholders.</p> <p>With regard to transactions within the normal course of company business which are regular or recurring, a general authorization by the line of business setting out the conditions for implementation will be sufficient.</p> <p>The authorization of the Board will not, however, be required for those transactions simultaneously complying with the following three conditions: (i) that they are carried out pursuant to contracts whose conditions are standardized and are applied <i>en masse</i> to many clients; (ii) that they are carried out on the basis of prices or rates established generally by whoever acts as the provider of the goods or services in question and (iii) that the amount does not exceed one per cent (1%) of the Company's annual income.</p> <p>Directors affected by the related party transaction in question will not be permitted to exercise or delegate their right to vote and will absent themselves from the meeting while the Board deliberates and votes on the matter.</p> <p>The provisions of the Regulations will be subject to further expansion by means of the appropriate rules issued by the Company's Board of Directors.</p>

Explain whether the approval of related party transactions has been delegated, indicating, where appropriate, the body or individuals to which it has been delegated.

As indicated in section D.1, when dealing with transactions in the normal course of company business that are regular or recurring and which comply with the conditions established in the previous section, a general authorization by the line of business setting out the conditions for their execution will be sufficient, i.e. by those responsible for each specific business, notwithstanding the notification of the transactions to the Appointments and Remuneration Committee for its review and later communication to the Committee.

- D.2 Give details of transactions that are significant in view of their amount or relevant because of their content carried out between the Company or its group entities and the significant shareholders in the Company:
- D.3 Give details of transactions that are significant in view of their amount or relevant because of their content carried out between the Company or its group entities and the Company's directors or executives:
- D.4 Report significant transactions carried out by the Company with other entities belonging to the same group, provided they are not omitted in the generation of the consolidated

financial statements and do not form a part of the normal commercial affairs of the Company in terms of its substance and conditions.

In all cases, a report shall be made of any intragroup operation carried out with entities established in countries or territories with tax haven status.

D.5 Indicate the value of transactions carried out with other related parties.

0 (in thousands of euros)

D.6 Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or its group and its directors, executives or significant shareholders.

The Regulations for the Board of Directors gives detailed rules on these topics, highlighting the following points with regard to the Directors:

- a) Obligation to refrain from discussions, decisions and execution of operations where they have a direct or indirect conflict of interest, including decisions about their own appointment or resignation.
- b) Obligation not to compete, in accordance with the provisions of article 45 of the Regulations for the Board of Directors.
- c) Carrying out transactions with Acciona, S.A. or with companies over which Acciona, S.A. exercises a significant influence, apart from the exceptions indicated in the Regulations (transactions within the ordinary course of business that are habitual or recurrent, where a general authorization by the line of business setting out the conditions is sufficient; transactions simultaneously complying with the three following conditions: (i) that they are carried out pursuant to contracts whose conditions are standardized and are applied en masse to many clients; (ii) that they are carried out on the basis of prices or rates established generally by whoever acts as the provider of the goods or services in question and (iii) that the amount does not exceed one per cent (1%) of the Company's annual income) require authorization by the Board of Directors or the Executive Committee with later ratification by the Board, following a report from the Appointments and Remuneration Committee.
- d) Obligation to refrain from securities trading with Acciona, S.A., or with companies over which it exercises a significant influence in the periods and circumstances established in article 50 of the Regulations.
- e) Obligation not to gain personal advantage nor an advantage for any related person from the business opportunities of Acciona or companies over which Acciona exercises a significant influence under the terms of article 48 of the Regulations for the Board of Directors.
- f) Obligation to inform the Board of Directors, through the Secretary or Deputy Secretary, of any situation of conflict of interest which may arise.

With regard to significant shareholders, the carrying out of transactions with Acciona, S.A. or with companies over which Acciona, S.A. exercises significant influence, apart from certain exceptions referred to in section c) requires authorization by the Board of Directors or the Executive Council with later ratification by the Board, following a report from the Appointments and Remuneration Committee and in all cases these must be carried out under market conditions and based on the principle of equal treatment of shareholders.

With regard to executives, the current internal code of conduct imposes on the latter the obligation to make known any possible conflicts of interest involving themselves, their family ties, their personal financial interests or any other reason and that this be done with sufficient prior notice in order to enable appropriate decisions to be made in this regard.

Similarly, the Secretary General requires the Group's executives to furnish a regularly updated declaration of their activities outside Acciona and the Group.

D7 Is more than one of the companies in the Group listed in Spain?

No

Identify the subsidiaries listed in Spain:

**Listed subsidiary**

Indicate whether the respective areas of activity and potential business relations between them have been defined publicly in detail, as well as those of the dependent listed company with other group entities;

Define the potential business relations between the parent company and the listed subsidiary, and between the latter and the other companies in the group

Identify the mechanisms foreseen to resolve any potential conflicts of interest between the listed subsidiary and the other companies in the group:

Mechanisms to resolve potential conflicts of interest

**E. CONTROL SYSTEMS AND RISK MANAGEMENT**

**E.1 Explain the scope of the Company’s Risk Management System.**

The ACCIONA Risk Management System works in an integrated way in that the identification, assessment and mitigation of risks are established in each line of business co-ordinated by a team at corporate level. This team manages and establishes the permitted level of tolerance for risk and co-ordinates the actions to align its management with the global risk policies of the Group and to enable the latter to be aware at all times of the exposure to risk assumed by the Group as a whole.

The presence of ACCIONA in different areas of business and in diverse countries with a variety of regulatory, political and social environments means that there are different risks to identify and manage which by nature are varied. Therefore, during the past year, an individualized system has been developed to manage the most important risks in each area of the business.

During 2014, an update has been made to the Risk Map of ACCIONA Group, with national and international scope, resulting in independent mapping for the following divisions: ACCIONA Water, ACCIONA Energy, ACCIONA Infrastructure, ACCIONA Concessions, ACCIONA Trasmediterránea, ACCIONA Property, Bestinver, ACCIONA Facility Services and Other Activities (including GPD, Bodegas Palacio and Hijos de Antonio Barceló wineries) and a consolidated map of ACCIONA Group, widening the range for analysis and calculation of risks by country to those geographical areas with significant turnover. This year, in addition, a Map of Environmental Risks by divisions has been included, thus extending the identification and study of the risks related to sustainability and the environment in each line of business.

Due to the Company’s policy regarding international expansion, the range of analysis and assessment of risks by country has continued to be increased in those geographic areas with a significant turnover or those designated as strategic vis-à-vis the future.

**E.2 Identify the entities of the Company responsible for the development and implementation of the Risk Management System.**

The General Directorate for Finance and Risks has carried out the whole process of development, updates, evaluation and management of the risks for all divisions, for later incorporation at corporate level.

The Corporate Internal Audit Department develops the planning and execution of auditing activities based on the risks identified. Additionally, it evaluates the effectiveness and efficiency of the internal control systems by continually analysing the main processes of the Group companies in their various areas of business.

The ACCIONA Audit Committee supports the Board of Directors with regard to the Company’s risk management. The Audit Committee periodically revises the risk management systems to identify the main risks adequately as well as to manage and supervise the efficiency of the risk management systems.

The Board of Directors approves the policy for the control and management of risk.

### **E.3 Indicate the main risks potentially affecting the achievement of the Company's goals.**

The risk scenarios considered in the ACCIONA Risk Management System have been classified into four groups: financial, strategic, operational and unforeseeable. The first two have been identified by the Group's executives as those presenting the greatest risk profile.

#### **1. Financial and Economic Risks:**

Mainly fluctuations in exchange rates, interest rates and financial markets, changes in the prices of raw materials, liquidity, cash flow, late payment or loss of clientele.

For the purposes of mitigating the exchange-rate risk, ACCIONA deals in derivatives for foreign currencies and exchange-rate hedges to cover operations and future significant cash flows in accordance with the limits of risk tolerated.

Interest-rate risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects where the profitability of the projects depends on the possible variations in the interest rate and is mitigated by carrying out hedging transactions by contracting derivatives.

The risk of fluctuations in the prices of raw materials, construction supplies and particularly fuel is managed fundamentally in the short term by means of specific hedging operations generally through trading in derivatives.

With respect to credit and liquidity risks, the Group deals exclusively with solvent third parties and requires certain guarantees to mitigate the risk of financial losses in cases of default and maintains an adequate level of reserves through ongoing monitoring of the forecasts and actual cash flow figures, matching these to the maturity profiles of financial assets and liabilities.

#### **2. Strategic Risks:**

ACCIONA minimizes this type of risk by means of its own strategy and business model, through sectoral and geographical diversification of its business, the performance of exhaustive market research into competitors and the countries in which it engages in activities as well as by supporting Research and Development.

#### **3. Operational Risks:**

In each line of business, specific systems are implemented to cover their business requirements, systematizing and documenting processes, quality assurance, operations, planning and economic oversight.

To mitigate the risks in the procurement process, checks have been put in place to facilitate free competition and transparency of the processes, avoiding any violation of ACCIONA's commitment to ethical behaviour in these processes.

ACCIONA carries out annual risk mapping of its critical suppliers, analysing the main risks on its supply chain, using an economic and environmental analysis of risk prevention by workforce, activity and country of origin.

Risks derived from irregular conduct. ACCIONA has put in place a Code of Conduct which establishes the basic principles and commitments that all directors and employees of the divisions as well as suppliers and third parties in contact with these companies must fulfil and respect in the execution of their activities. There is a whistleblowing channel, communicated at all levels of the Organization, to enable information to be passed on, with guarantees of confidentiality, regarding any irregular conduct relating to accounting, supervision and auditing as well as any other non-compliance or breach of the behaviour promulgated in the Code.

The Board of Directors agreed in September, 2011, to subscribe Acciona, S.A. to the Code of Good Taxation Practice, with the object of unifying and completing the systems for regulatory control, prevention and compliance in order to reduce significant financial risks and prevent those forms of conduct capable of generating these.

4. Unforeseeable Risks:

Environmental risks. ACCIONA has a Corporate Management System for Environmental Crises. This system includes measures to be followed and the allocation of responsibilities and resources necessary for the adequate management of a crisis situation following any incident occurring at facilities owned or operated by the Company and leading to consequences for the environment. During 2014, ACCIONA has consolidated its initiatives for management of risks to the environment, focusing its efforts on the identification and implementation of measures for the mitigation of the most relevant risks.

Occupational hazards. Management of the Prevention of Occupational Hazards and Health and Safety in the Workplace is one of the priorities of all the Divisions and lines of business. The majority of our activities are included in those considered as high risk by the legislation (especially those in Infrastructure and Energy). The preventive activity is carried out through Management Systems certified to the OHSAS 18001 international standard.

**E.4 Identify whether the entity has a level of tolerance to risk.**

At corporate level, the Group's level of tolerance to risk is defined taking account of internal culture, structure and strategy. This level of tolerance establishes the acceptable level of risk in relation to the achievement of the targets set for each of the activities or investment projects.

Once the risks arising in the course of the activities have been identified by those responsible for each business area, they are assessed qualitatively and quantitatively and represented in a matrix according to their correct management and assessment at corporate level. For each of the main risks in each line of business, a file is created in which the basis of the decision making for acceptance or rejection of the operation in question is established with regard to the associated level of risk, in terms of profitability (solvency of customers, minimal acceptable revenue levels), operation (vulnerability of the supply chain, manpower), political and economic risks (currency transfers, political interference, ...) and security.

Those situations or activities which exceed the level of tolerance to risk previously defined by the Company will be analysed individually by those with senior responsibility for the corresponding business area, establishing, in co-ordination with the Corporate Finance Division, the mechanisms that contribute most to its mitigation. Where the business opportunities exceed the levels of acceptable risk, they will not be approved by the Investment Committee.

**E.5 Indicate the risks which have arisen during the financial year.**

During the 2014 financial year, risks have materialized as a result of the normal conduct of the Group's business activities caused by national and international financial and economic circumstances, largely mitigated by the diversification and internationalization of its activities.

The Treatment and Control systems established in the different lines of business have functioned adequately, as has the Crisis Management system for unforeseen and operational risks arising during the year.

In its financial statements (Note 19 to the Annual Accounts), Acciona provides detailed information on the progression of those risks that, by their nature, permanently affect the Group in the execution of its activities.

## **E.6 Explain plans for responding to and monitoring the entity's main risks.**

Due to the significant sectoral diversification of ACCIONA and the high number of countries in which activities are being carried out, checking for compliance with regulations affecting the Company is particularly exhaustive.

Due to that, although there is a corporate system in place for risk management, each division is responsible for compliance with the internal standards and processes applicable to its activity.

Checking on their effectiveness is carried out by means of regular assessments by the technical services of the productive companies and by scheduled inspections, thus all operative and administrative phases of the different businesses are covered. The checks are carried out by the internal services of each company as well as by Corporate Internal Audit.

The Corporate Internal Audit Division contributes to the management of risks faced by the Group in the fulfilment of its goals and in the prevention and control of fraud by means of the planned monitoring of the efficiency of the internal control systems associated with the main processes of the Companies belonging to the Group in their various lines of business.

The corresponding conclusions and recommendations are communicated to the Group Management as well as to those responsible for the business areas and companies assessed.

For the development of its functions, the Corporate Internal Audit Division has professionals with the necessary knowledge and experience, independent of the production lines, complemented where appropriate with collaboration from external consultants.

## **F INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICoFR)**

Describe the mechanisms making up the control and risk management systems for the financial reporting process (ICoFR) of your entity.

### **F.1 Entity control environment**

Indicate the following, detailing at least their main features:

#### **F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICoFR; (ii) its implementation; and (iii) its supervision.**

ACCIONA's System of Internal Controls over Financial Reporting (hereinafter ICoFR) has been defined with the aim of obtaining reasonable assurance as to the reliability of financial information. The main bodies responsible for this control are the Board of Directors, the Audit Committee, and the Group's Corporate Finance Division.

As established in its Regulations, the Board of Directors is formally responsible for ensuring the existence, correct application and maintenance of the ICoFR.

As laid down in the Corporate Standard on Organizational Structure and Responsibilities, the design, implementation and operation of the ICoFR is the responsibility of the Corporate Finance Division.

With respect to its oversight, the Regulations for the Board of Directors establishes that the main function of the Audit Committee is to serve as the Board's instrument and support in the supervision of accounting and financial reporting, internal and external audit services and corporate governance. Furthermore, the same article specifies that the duty to supervise the ICoFR shall correspond to the Audit Committee. Indication is

provided below of the main responsibilities of the Audit Committee in connection with systems for internal control over financial reporting:

- a) Supervision of the process for preparing regulated financial information for ACCIONA and its Group, ensuring its completeness and presenting it to the market, reviewing compliance with regulatory requirements, adequate definition of the scope of consolidation and the correct application of accounting criteria.
- b) Regular review of internal control and risk management systems so that the main risks can be adequately identified, managed and communicated.

**F.1.2. With particular reference to the process for preparing financial information, which of the following elements are in place:**

- Departments and/or mechanisms responsible for: (i) design and review of the organizational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring there are adequate procedures for their correct dissemination within the entity.

As laid down in its regulations, the Board of Directors is responsible for defining the structure of Group companies, and at the proposal of the Company's Chief Executive, appointing and if applicable removing the Senior Management of ACCIONA and the remaining companies in its business group.

The "Corporate Standard on Organizational Structure and Responsibilities" gives the Corporate Finance Division responsibility for the design, review and updating of the structure and organization of the Economic and Finance Units in ACCIONA Group. Corporate General Management co-ordinates and supervises the adequate definition, implementation and execution of the main financial information preparation and reporting functions assigned to the organizational units of all subsidiaries, Sub-groups, Divisions and Corporations in ACCIONA Group.

The standard in question is available on the ACCIONA Group Intranet.

In each Group company, the design of the organizational structure for the units participating in the preparation of financial information depends on various factors, such as turnover and type of business, in all cases aiming to provide coverage for all activities with regard to the recording, preparation, review and reporting of the operations performed and the economic and financial situation of each company. Consequently, the persons responsible for each Economic and Financial Unit in ACCIONA Group justify and propose the design, review and updating of the structure of their units according to their needs by means of a proposal that must be validated and approved by the Corporate Finance Division of the Group prior to implementation.

The "Corporate Standard on Segregation of Duties" establishes the main incompatibilities of duties for the various areas in the organizational structure, as well as the procedures to be followed to ensure correct compliance and maintenance of the corporate segregation of duties model.

- Code of conduct: approval body, degree of communication and instruction, principles and values included (indicating whether specific mention is made of the recording of operations and the preparation of financial information), the body responsible for analysing non-compliance and proposing corrective actions and sanctions.

ACCIONA Group possesses a Code of Conduct that has been approved by the Board of Directors, the main principles and values of which refer to the following:



- Maintaining an unimpeachable standard of integrity in behaviour and relations, both inside and outside the organization.
- Objectivity, transparency and rigour in administrative management and preparation of financial information with the aim of ensuring its reliability.
- Compliance with internal policies and rules, as well as with current legislation.
- The obligation to reject and report any practice representing a breach of ACCIONA Group's Code of Conduct.
- Confidential handling of all information acquired as a consequence of the performance of professional activities.

The Code of Conduct must be formally signed by all employees when they join any company in ACCIONA Group. In addition, Code of Conduct updates are notified and must be formally acknowledged by all Group employees by means of digital acceptance or the signing of acknowledgement and acceptance. Also, the Code of Conduct is published on the Group website, where it can be accessed by anyone for consultation.

The Code of Conduct and its Regulations assign the Code's control and supervision to the Code of Conduct Committee, which in particular is to:

- Encourage communication, awareness of and compliance with the Code of Conduct.
- Interpret the Code of Conduct and guide actions in case of doubt.
- Facilitate a communication channel for all employees to receive and provide information on compliance with the Code of Conduct.
- Prepare reports on the level of compliance with the Code containing recommendations and timely proposals to keep it updated.

In addition, an Anti-Trust Policy and an Anti-Corruption Policy are in place.

Furthermore, the Code of Conduct Committee is the body responsible for analysing possible breaches of the Code of Conduct, informing the Audit Committee of the measures taken and proposing corrective actions and sanctions for the breach.

During 2014, ACCIONA has continued its on-line training campaign in relation to the Code of Conduct, focusing mainly on new hires, and this training has now been completed by 409 individuals.

- Whistle-blowing channel for communicating irregularities of a financial and accounting nature to the Audit Committee, as well as any failures to comply with the code of conduct and irregular activities in the organization, indicating whether it is confidential in nature.

ACCIONA has a confidential Ethical Channel for reporting irregular conduct of all kinds, whether financial, accounting or of any other nature, as well as any breach of the Code of Conduct.

To this end, the Code of Conduct Committee makes a postal and e-mail address available to all employees, suppliers, contractors and collaborators of the Group to answer questions regarding interpretation of the Code of Conduct and notify breaches. Both channels guarantee confidentiality of these reports by restricting access to the e-mails and letters received with accusations solely to the addressees authorized by the Code of Conduct Committee.

Furthermore, regardless of the confidentiality of the channels themselves, the Code of Conduct Committee guarantees reports received will be treated confidentially by means of the signing of a confidentiality agreement by all investigating officers and members of the Committee.



The Code of Conduct Committee analyses all reports received, and depending on the origins and severity of the charges, assigns them the appropriate priority and provides a justified response to the reporting party regarding either the opening of an investigation or rejection of the allegations. If it is decided to initiate an inquiry, investigators responsible for analysing the report will be appointed by the Code of Conduct Committee, following an appropriate confidentiality pledge. These investigators may either be appointed internally by ACCIONA Group, or be contracted from outside the Group for the analysis. Once investigators have been appointed, they will begin the process for analysis of the case following the procedures and time frames established for each phase in the Reporting Channel manual.

The conclusions of each investigation, together with the recommendations and penalties proposed, are notified to the Audit Committee for examination and the taking of such decisions as may be required.

In addition, the Group has put in place Internal Regulations for Conduct on the Securities Markets, approved in the 2013 financial year, pursuant to the provisions contained in the Securities Markets Regulations. Compliance with the said Internal Regulations is supervised by the Compliance Unit, comprising the Secretary to the Board, the Financial Director, and the Head of Legal Services.

- Training and regular updating programmes for the personnel involved in the preparation and review of financial information, as well as assessment of the ICoFR, dealing at least with accounting standards, audit, internal control and risk management.

ACCIONA Group considers that continuous updated training of its employees and executives in rules affecting financial reporting and internal control constitutes an important factor for ensuring the reliability of financial information.

With the support of the Group's Corporate University, which handles the training programmes, ACCIONA Group places various courses and seminars at the disposal of its employees, including those involved in the preparation and review of financial information and evaluation of the ICoFR.

As a result of the needs identified, the Corporate Human Resources Division, or that of the subsidiaries involved, plans and manages specific training courses and seminars, either locally or centralized, and delivered either internally or externally, with the aim of ensuring the understanding and correct application of regulatory updates and changes as well as best practices necessary to guarantee the reliability of financial information. During 2014, a total of 507 employees received a total of 3,045 hours of training, of which 1,170 hours corresponded to Code of Conduct training, and the rest was directly related to the acquisition, updating and recycling of economic and financial knowledge, including accounting and audit standards, internal control, and risk management.

During 2014, Corporate and Local Finance Divisions involved in the preparation, review and reporting of financial information received various publications on the updating of accounting, financial internal control and tax rules, as well as courses from external experts with updates on accounting rules.

In addition, those responsible for supervision of the ICoFR and members of the Internal Audit Department have attended seminars, fora and meetings on specific sector-related topics concerning the ICoFR, risk control, audit, fraud and other matters related to the Group's activity organized by external firms.

As a result, those responsible for the Corporate and Local Finance Divisions, as well as the Corporate Unit for the Control of Accounting Policies and Tax

Planning, are kept up to date and are aware of changes to the relevant regulations, so that they are able to communicate them to the corresponding Departments and Units for their correct adoption, and can respond to any queries received.

## F.2 Assessment of financial reporting risks

**Inform at least on the following:**

### F.2.1. **What are the main features of the risk identification process? Include risks of error and fraud, indicating:**

- **Whether the process exists and is documented.**

ACCIONA Group's presence in various business areas and different countries with differing regulatory, political and social environments means that the risks to be identified and managed are very varied in nature. For this reason, Corporate Risk Management has established global Risk Management policies for the Group, formally documented in the Corporate Risk Management Policy, which is supervised by the Board of Directors.

During 2014, ACCIONA Group Risk Map was updated with a national and international scope, including the new assessment of inherent risks and the associated controls for their mitigation relating the Risk Maps for both Acciona Corporate and each of the divisions making up the Group.

In the case of the identification of risks affecting the reliability of financial information, the ACCIONA Group Corporate Finance Division has formally established the procedure and the criteria for the determination and annual update of the scope of the ICoFR for the Group. The annual determination of the scope of ICoFR is based on quantitative and qualitative criteria, including the risks of error or fraud with a material impact on the financial statements.

The ICoFR also takes into account the possibility of error in certain general processes not directly linked to specific transactions, but which are especially relevant to the reliability of financial information. Among others, this is the case of the Closing and Consolidation process and the management processes in the Information Technologies area.

During 2012, the documenting and formalizing of corporate processes was completed, as was the documentation for those processes considered to be material to the main subsidiaries in the various Divisions. During 2014, in line with the guidelines in the Corporate Standard on Maintenance, Reporting and Supervision of the ICoFR, processes were reviewed and their documentation updated at various Group subsidiaries.

- **Whether the process covers all the objectives of the financial information (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated, and with what frequency.**

For each of the processes identified in each of the companies within scope, the inherent risks have been identified along with the controls implemented at these companies to mitigate them. This procedure is documented in a Risk-Control Matrix that describes for each risk the objectives of the financial information covered (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations).

Both the determination of the scope of the ICoFR and the process for identifying and updating the documentation on risks and controls for the processes of

companies considered to be material are updated and reported at least annually, as well as every time there is a significant change in the Group's consolidation perimeter.

- **Whether there is a process for identification of scope of consolidation, taking into account among other aspects the possible existence of complex corporate structures, holding companies or special purpose vehicles.**

The "Corporate Standard on Enterprise Transactions" has been formally established by the Corporate Finance Division of ACCIONA Group to establish and implement the appropriate internal control mechanisms in relation to approval of any type of enterprise-level transaction in relation to ACCIONA Group. This rule calls for analysis and authorization by Corporate Finance Division to ensure the correct identification and inclusion on the financial statements of all Group operations.

This standard considers the possible existence of complex corporate structures, holding companies or special purpose vehicles, establishing the procedure for requesting, authorizing, notifying and recording any operation for the incorporation, merger, spin-off, acquisition or sale of companies, as well as any other enterprise-level transaction. The Corporate Management Units for Economic Control, Consolidation, and Tax and Legal Affairs, among others, are directly involved in carrying out these procedures.

This standard is supplemented by the "Corporate Standard on the Preparation and Reporting of Financial Information" formalized by the Corporate Finance Division of ACCIONA Group, which establishes the procedure for monthly reporting of changes to the scope of consolidation for each of the sub-groups in Corporate Consolidation Management, so that control of the scope of consolidation for all the Group's subsidiaries can be carried in a centralized manner.

- **Whether the process takes into account the impacts of other types of risk (operating, technology, financial, legal, reputational, environmental, etc.) insofar as these affect the financial statements.**

The ACCIONA Group Global Risks Management System is designed to identify potential events that might affect the organization, managing their risks by establishing certain systems for internal control and treatment that will make it possible to keep the probability and impact of such events within established tolerance levels, providing reasonable assurance as to the achievement of the business's strategic targets.

The identification and quantification of the risks is laid down for each line of business, co-ordinated by a team at corporate level that administers and establishes the acceptable risk tolerance level in accordance with the directives outlined by the Corporate Board of Directors, and actions are co-ordinated to achieve alignment with the Group's overall risk policy, and so as to make it possible to determine the exposure to risk of the Group as a whole.

The Risk Management System covers 4 types of risks:

- a) Financial. Risks for which materialization would have a direct impact on the Group's income statement. They mainly consist of fluctuations in exchange rates, interest rates and financial markets, changes in commodity prices, liquidity, cash flow, default, or loss of clientele.

- b) Strategic. Those risks for which the consequence is failure to achieve the Group's goals and a decline in its growth. These risks include organizational changes, investments and divestments, threats from competitors, economic, political and legal changes, and the impact of new technologies or research and development.
- c) Operational.- Risks concerning processes, persons and products. They are related to regulatory, legal and contractual compliance, control systems and procedures, the supply chain, auxiliary services, information systems, employee productivity and the loss of key personnel.

This category of risk includes risks associated with the reliability of financial information, as it directly affects the process of preparing and reporting such financial information.

- d) Unforeseeable. Risks related to harm caused to company assets and staff that could negatively impact the company's performance, such as fire, explosion, natural disasters, environmental pollution, damage to third parties, or occupational hazards.

All these categories are considered by ACCIONA Group in its process for the evaluation of risks to the reliability of financial information, as detailed in the "Corporate Standard on Internal Controls over Financial Reporting".

- **Which organ of governance in the entity supervises the process?**

The Regulations of the Board of Directors sets the Audit Committee the task of periodically reviewing the systems of internal control and Risk Management, so that the main risks can be adequately identified, managed and communicated.

In 2014, the Audit Committee was informed of the results of updating the risks map during the year.

### **F.3 Control activities**

**Report, indicating the main characteristics, on whether there are at least:**

- F.3.1 Financial information revision and authorization procedures and the ICoFR description for publishing information on the stock markets, indicating those responsible, as well as documentation describing flows of activities and controls (including those related to risk of fraud) of different transaction types that may significantly affect the financial statements, including the procedure for closing accounts and the specific revision of judgements, estimates, assessments, and relevant projections.**

ACCIONA Group has established procedures for revision and authorization of financial information and the ICoFR description, whose responsibility is that of the Corporate Finance Division, the Audit Committee, and the Board of Directors.

Regarding the revision and authorization of financial information, the Corporate Economic Management Unit has established a report procedure where all the Economic and Financial Management Units of all Businesses confirm they have conducted and supervised the most significant aspects of their corresponding financial reporting.

Additionally, and prior to publishing financial information on the stock markets, the Audit Committee analyses, with the Corporate Finance Division and with the internal and external auditors, the financial statements and other relevant financial information, as well

as the main judgements, estimates, and projections included in them, in order to confirm that this information is complete and that they have followed the regulations in force.

In this regard, the consolidated annual accounts of ACCIONA Group report areas of uncertainty, especially those relevant to judgements and estimates made and the criteria followed for their evaluation.

In relation to the ICoFR description, the Corporate Finance Division has established through policies, standards, and pertinent mandatory corporate procedures, the correct documentation on flows of activities and controls of different transaction types that may significantly affect the financial statements for the financial year.

The identification of risks and ICoFR controls give special consideration to fraud-related risk, as well as certain general processes not directly linked to specific transactions identified in the financial statements, such as the closing and consolidation process. In the same way, risks and key controls are identified in the processes where judgements, estimates, assessments, and relevant projections are performed.

As established in the “Corporate Standard on the Preparation and Reporting of ICoFR”, at the close of the 2014 financial year, those with financial responsibilities in the various Divisions have submitted to the Corporate Finance Management Division the annual report setting out the variations arising during the financial year with respect to the identification of risks and their associated controls and the incidents detected during the period.

**F.3.2 Internal policies and control procedures over financial reporting systems (among others, for secure access, controls over modification and operation, business continuity, and segregation of functions) that support the relevant processes of the entity in relation to development and publishing of financial information.**

ACCIONA’s Corporate Information and Communications Technology Division (ICT) is responsible for promoting and supporting the establishment of technical, organizational, and control measures to guarantee the integrity, availability, reliability, and confidentiality of the information.

ACCIONA’s ICT Security Committee is the Body responsible for establishing the strategy and driving, prioritizing, and administering the monitoring of the security projects, plans, and programmes for information systems, as well as supervising the effective and efficient management of security risks and incidents, reporting to the Corporate Assessment Committee any possible crisis situation that may originate from an incident related to reporting system security.

The reporting systems of ACCIONA Group are based on the development of applications and data-processing services covering the needs’ demand and assessment phases, the analysis, design, construction, testing, implementation, production deployment, and maintenance of these reports. All this through the application of different methodologies aimed at preserving the integrity and reliability of the Group’s data, including financial information.

ACCIONA Group has policies, standards, and process and control descriptions included in the Information Systems Security Management System in accordance with recognized international standards, such as ISO 27001, ISO 27002, BS 25999, and different adaptations of the NIST standards and ITIL processes.

These policies establish the Group’s corporate guidelines for the management of risks related to the process for managing information systems, specifically access control, change controls, segregation of functions, operation, development, continuity, and data recovery, to be applied to all Companies in the Group.

Access to information systems is centrally managed for most Spanish branches of each business division in the Group and individually managed by the remaining sub-groups and branches, through the definition of data access, modification, validation, or consultation profiles depending on the role of each user of the information systems according to their job description. To facilitate this assignment, criteria have been established in the “Corporate Security Standards of Information Systems” to establish that permission for access to networks, systems, and information must be granted depending on the function segregation criteria established for business areas so as to grant users access only to the resources and information needed for the exercise of their functions.

Furthermore, the Group’s Function Segregation Standard establishes the basic prerequisites to be fulfilled by all companies of the Group, based on generally accepted standards, as well as the approval paths and supplementary controls in exceptional cases.

The “Corporate Standard for Information Systems Security” establishes the security measures against leaks, loss, unavailability, or unauthorized manipulation or disclosure of information all Branches of the Group must comply with, designating different security levels according to the level of confidentiality of the information.

The general security and access management policy is designed to protect equipment against the installation, removal or modification of software without specific clearance, as well as to protect the information systems from Trojans, viruses and other types of malware, for which there are electronic elements and up-to-date software to prevent intrusions of the Information systems.

The control mechanisms for the continuity of information systems and data backup are defined in the business continuity plans. These plans define the infrastructure failover strategies supporting the business processes. For this reason, backup systems automate the redundant synchronized saving of data to enable the assumption of the continuity of critical systems within levels of availability agreed in service level agreements. Furthermore, backup copies are systematically stored at off-site locations to forestall contingencies requiring the use of these copies.

**F.3.3 Policies and internal control procedures for supervising the management of activities subcontracted to third parties, as well as the evaluation, calculation or assessment aspects entrusted to independent experts, when they may materially affect financial statements.**

In general, ACCIONA Group conducts the management of activities that may significantly affect the reliability of the financial statements through the direct use of internal resources, avoiding outsourcing.

The management of the evaluation, calculation or assessment activities entrusted to independent experts by ACCIONA Group basically refers to the appraisal of assets, mainly property, for which the involvement of a third party is requested at least once a year. In order to ensure their independence and training, the appraisal firms are selected considering the recommendations of the Spanish National Securities Market Commission (CNMV), exclusively contracting valuation firms holding the RICS evaluation certificate from the Royal Institute of Chartered Surveyors in accordance with International Appraisal Standards.

The valuation reports on these assets obtained from the appraisal firms are subjected to an internal review process to verify the accuracy of the most significant hypotheses and assumptions employed, as well as their conformity with International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS), and the reasonableness of their impact on financial information.

Lastly, it must be emphasized that ACCIONA Group has put in place controls and procedures for the supervision of businesses operating through a corporate structure in

which control is not held or otherwise not directly administered by the Group, as is the case with temporary joint ventures.

#### **F.4 Information and communication**

**Report, indicating the main characteristics, whether there is at least:**

**F.4.1. A function responsible for defining and updating accounting policies (an accounting policy area or department) and resolving doubts or conflicts derived from their interpretation; maintaining fluid communication with those responsible for operations in the organization, as well as an up-to-date manual of accounting policies communicated to the units through which the Company operates.**

ACCIONA Group has adequate procedures and mechanisms for transmitting the applicable operating criteria and information systems used in financial information collation processes to the personnel involved in these process. To this end, reliance is placed on the Accounting Policies Control Unit, which reports to ACCIONA Group's Corporate Finance Division.

The areas of responsibility of the Accounting Policies Control Unit are defined in the Corporate Standard for Financial Reporting Preparation and include, among others, the following functions:

- Define, administer, update, and communicate the accounting policies of ACCIONA Group in compliance with accounting and consolidation standards applicable to the collation and presentation of financial information to be published.
- Develop, update, and communicate the Accounting Policies Manual to be applied to all financial units in ACCIONA Group. This manual is updated annually and is approved by the Corporate Economic Management Unit. In this regard, the last update of the Accounting Policies Manual was on 31 December 2014.
- Resolve doubts and conflicts arising from the interpretation and application of accounting policies, maintaining fluid communication with those responsible for operations in the organization.
- Define and establish the templates, formats, and criteria to be used for the collation and reporting of financial information. In this way, all financial data furnished to markets are obtained by consolidating the reports from the different business units drawn up in accordance with standardized mechanisms for data capture, preparation, and presentation at all units in ACCIONA Group. These mechanisms are designed in such a way as to allow them to comply with the standards applicable to the main financial statements, including accounting criteria, valuation policies, and presentation formats, covering not only the balance sheet, the profit and loss account, the statement of changes in equity, and the cash flow statement, but also the procurement of other information necessary for preparation of the Notes to the Annual Accounts.

**F.4.2. Mechanisms for capturing and preparing financial information in standard formats applied and used by all units in the Company or the Group supporting the principal financial statements, as well as information given on the ICoFR.**

The preparation of ACCIONA Group's consolidated financial information begins with the process for aggregating at source the individual financial statements from each of the branches making up each consolidated sub-group, for subsequent consolidation in

accordance with the accounting and consolidation standards uniformly defined for the whole Group so as to obtain the financial information published on the markets.

The entire process for aggregation and consolidation of the financial statements of ACCIONA Group is based in the SAP BPC (Business Planning Consolidation) computer application. The loading of data in the consolidation application is uniformly performed for all branches and subgroups included in the consolidation perimeter and taking into account the reporting schedule communicated by the Corporate Economic Management Unit at the beginning of each financial year. The information loaded into SAP BPC includes the main breakdowns necessary for the development of the consolidated annual accounts of ACCIONA Group.

The system for reporting and reviewing the information for the production of financial statements is regulated by the “Corporate Standard for Preparing Financial Information” which establishes, for each level of responsibility of the financial units in ACCIONA Group (Branch/Subgroup/Division/Corporate), the nature and format of the information to be reported, as well as its revision by the corresponding parties responsible.

The consolidation application, SAP BPC, is parameterized to make numerous automatic verifications and reconciliations where analytical and comparative revisions are performed in search of incongruities in the registered data before validating them. The automatic revisions are supplemented by a review of the data in the process of closing and consolidation, as well as by a revision of the estimation, valuation and calculation criteria used for procurement. This review is conducted by the person with financial responsibility at each level of aggregation and consolidation and, once reported, is checked again by the Corporate Economic Management Unit.

The Corporate Finance Division completes the development phase of the financial information by revising the financial statements developed by the Corporate Economic Management Unit.

Regarding the mechanisms for preparing and reporting relevant information on the ICoFR, ACCIONA Group has implemented a reporting system for maintaining internal controls over financial reporting systems, recorded in the “Corporate Standard for Maintaining, Reporting, and Supervision of Internal Controls over Financial Reporting Systems”. The objective of this standard is to establish the bases for maintaining, reviewing, reporting, and supervising ICoFR in ACCIONA Group, ensuring that the risk of errors, omissions, or fraud in the financial information is adequately controlled, whether it be by prevention, detection, mitigation, remuneration, or correction of errors. Where control deficiencies are identified, those responsible in the company in question have to define the necessary actions for their correction, thus contributing to guaranteeing the reliability of the financial information of ACCIONA Group.

The above report must be made by all branches of ACCIONA Group that have been designated as significant according to the established criteria, considering, in turn, the most relevant processes of each one. This report is prepared weekly, with the deadline being the same as that of the weekly Financial Information report. The person responsible for the report is the Financial Director of each Branch/Subgroup, who submits it to the Financial Management of the corresponding Division which, in turn, reports to the Corporate Economic Management Unit of ACCIONA Group.

## **F.5 Supervision of system operation**

**Report, indicating the main characteristics, whether at least:**

**F.5.1 The ICoFR supervisory activities are performed by the audit committee, as well as the internal audit function, if any, with the capability, among others, of supporting the committee in the task of supervising the internal control system, including ICoFR. Furthermore, information will be**



**provided on the extent of the ICoFR evaluation performed in the financial year and the procedure whereby the results of the evaluation are communicated by the party conducting it, on whether the entity has a plan of action detailing the eventual corrective measures, and whether consideration has been given to the impact on financial reporting.**

The Regulations for the Board of Directors of ACCIONA assign to the Audit Committee the primary role of serving as an instrument and support for the Board of Directors in the supervision of accounting and financial information, internal and external auditing services, and Corporate Governance. Among others, the Regulations for the Board of Directors attributes the following areas of responsibility to the Audit Committee:

1. Approve the internal auditing plan for the evaluation of the System of Internal Controls over Financial Reporting and receive regular information about the results of the work undertaken and the action plan to correct any deficiencies observed.
2. Ensure the independence and effectiveness of the internal audit, propose the selection, appointment, re-election, and termination of the person responsible for the internal auditing service; propose the budget for this service; receive regular information about its activities; and verify that senior management takes the conclusions and recommendations of its reports into consideration.
3. Supervise the internal auditing services of ACCIONA and its Group, approve the annual budget for the department, be apprised of the internal auditing plan, and oversee the selection and contracting systems for internal auditing personnel.

ACCIONA Group has an Internal Auditing unit devoted exclusively to this function. Its responsibilities include supporting the Audit Committee in the task of supervising the System of Internal Controls over Financial Reporting.

The Internal Auditing Management reports periodically to the Audit Committee on its annual work plan. It reports any incidents identified in its execution and the corresponding action plans for eventual corrective measures directly on identification and, at the end of each financial year, delivers a summary report of the activities performed during the year.

During the 2014 financial year, the Internal Auditing Management has completed a review of the effectiveness in the design and implementation of key controls in the processes of various branches of ACCIONA Group with significant impact on the Group's consolidated financial statements, according to the scheduled rotation plan. The objective of this rotation plan is the evaluation and supervision of the description of the processes, the identification and evaluation of the risks with the greatest impact on financial information, and the effectiveness of the controls implanted for mitigating these. Specifically, and in accordance with the annual internal auditing plan presented to the Audit Committee, in the present financial year, the main processes of the principal branches have been revised: those corresponding to the Infrastructures, Services, and Other Activities Divisions, where the operational design and effectiveness of the system of internal controls over financial reporting have been analysed.

The result of the reviews completed by the Internal Auditing Management, as well as the incidents detected, have been notified to the Audit Committee. Furthermore, the action plan for the correction of these incidents has been notified to the person responsible for correcting them, as well as to the Audit Committee.

**F.5.2 Whether any discussion procedure is in place whereby the auditor of accounts (in accordance with the provisions contained in the Auditing Standards, the internal auditor, and other experts may notify senior management and the Audit Committee or the entity's directors any**

**significant weaknesses in internal control identified during the processes of reviewing the annual accounts or others entrusted to them. Furthermore, information will be provided on whether there is an action plan to correct or mitigate the weaknesses identified.**

The Regulations for the Board of Directors of ACCIONA assigns the Audit Committee the following jobs and responsibilities:

1. Revise, analyse, and comment the Financial Statements and other relevant financial information to senior management and to internal and external auditors in order to confirm that said information is complete and that the criteria followed is consistent with the close of the previous financial year.
2. Supervise the decisions of senior management regarding adjustments proposed by the external auditor, as well as be apprised of, and mediate in disagreements between them, if any.
3. Regularly receive information from the external auditor regarding the auditing plan and the results of its execution and verify that senior management takes their recommendations into account.
4. Serve as a channel of communication between the Board of Directors and the external auditors, evaluate the results of each audit and the responses of the executive team to the recommendations, and mediate and arbitrate in cases of discrepancies between them in relation to the principles and criteria applicable to the preparation of the financial statements.

The Audit Committee maintains a stable and professional relationship with the external auditors in the different businesses and the main companies in ACCIONA Group with strict respect for their independence. This relationship favours communication and discussion of significant weaknesses in internal control identified during the process of reviewing the annual accounts or others entrusted to them.

In this regard, the Audit Committee received information from the external auditor, at two of its sessions, regarding the auditing plan and the results of its execution. The Audit Committee also invites Senior Management to its meetings so that its recommendations are taken into account.

## **F.6 Other relevant information**

## **F.7 Report by the external auditor**

**Report by: [blank]**

- F.7.1 Whether the information on the ICoFR sent to the markets has been submitted for review by the external auditor, in which case the entity must include the corresponding report as an appendix. Otherwise, the reasons must be given here.**

The information from ICoFR described by ACCIONA in the present document has been revised by the external auditor, whose revision report is attached as an appendix.

## **G DEGREE OF FOLLOW-UP OF CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the degree of follow-up undertaken by the Company with regard to the recommendations in the Unified Code of Good Governance.

Where a recommendation is not followed or followed only partially, a detailed explanation should be provided giving the reasons for this so as to allow shareholders, investors and the market in general to have sufficient information to value the conduct of the Company. Explanations which are general in nature will not be acceptable.

- 1. The Articles of Association of Companies listed on the Stock Market do not limit the maximum number of votes cast by the same shareholder, nor are there other restrictions which hinder the takeover of the Company through acquiring shares in the market.**

See headings: A.10, B.1, B.2, C.1.23 and C.1.24.

Compliant

- 2. When the parent company and its subsidiaries are listed, the following are defined publicly:**

- a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary company with other entities within the group;**
- b) The mechanisms outlined to resolve possible conflicts of interest which may arise.**

See headings: D.4 and D.7

Not applicable

- 3. Even where commercial laws do not require this expressly, transactions entailing a structural modification in the Company shall be submitted for approval by the General Meeting of Shareholders, in particular, the following:**

- a) Transformation of listed Companies into holding companies, by means of “subsidiarization” or allocation to dependent entities of essential activities previously carried out by the Company itself, even where the latter maintains full control over these subsidiaries.**
- b) The acquisition or transfer of ownership of essential operational assets, when they contain an effective modification to the corporate activity.**
- c) Actions with an effect equivalent to that of liquidating the Company.**

See heading: B.6

Partially compliant

Acciona is essentially a holding company which demonstrates the holding of the shares in the business and branches of activities of the group. The Regulations for the Board of Directors, in article 5, attributes to the General Meeting the powers established in sections b) and c) of this recommendation.

- 4. The detailed proposals for resolutions to be adopted by the General Meeting, including the information referred to in Recommendation 27, are published at the time the meeting is convened.**

Compliant

5. **At General Meetings, separate votes are taken on items that are substantially independent so that shareholders can exercise their voting preferences separately. Such a ruling is applied, in particular:**
- a) **For the nomination or ratification of directors, which must be carried out by means of an individual vote.**
  - b) **In the case of amendments to the Articles of Association, to each article or substantially independent group of articles.**

Compliant

6. **Companies allow votes to be divided for the purpose of enabling financial intermediaries legitimately appearing as shareholders but acting on behalf of different clients, to cast their votes in accordance with the instructions received.**

Compliant

7. **The Board carries out its functions with unity of purpose and independent judgement, treats all shareholders equally, and is guided by the interests of the Company, understood as sustainably maximizing the Company's financial value.**

**And the Board therefore monitors, in its relationships with stakeholder groups, their observance of laws and regulations, carries out in good faith its obligations and contracts, respects the uses and normal practice in the sectors and territories where it carries out its activities; and observes those additional principles of corporate responsibility it has voluntarily accepted.**

Compliant

8. **The Board accepts responsibility, as its core mission, for approving the Company's strategy and organization as well as those activities necessary to put these into practice, and also for supervising and monitoring the Senior Management's achievement of the targets set while respecting the Company's corporate purpose and interests. To this end, the plenary session of the Board reserves the powers to approve:**

- a) **The general and strategic policies of the Company, and in particular:**
  - i. **The strategic or business plan, as well as the annual management and budget targets;**
  - ii. **Investment and financing policies;**
  - iii. **Definition of the structure of the Group's Companies;**
  - iv. **Corporate governance policy;**
  - v. **Corporate social responsibility policy.**
  - vi. **Policy on remuneration and evaluation of the role of senior executives.**
  - vii. **Policy on the control and management of risks, as well as regular follow-up of the internal information and control systems.**
  - viii. **Dividends and shares policy, in particular, the limits applied.**

See headings: C.1.14, C.1.16 and E.2

- b) **The following decisions:**
- i) **At the proposal of the Company's Chief Executive, the appointment and eventual termination of senior executives, as well as their compensation clauses.**
  - ii) **Remuneration of directors, as well as, in the case of executives, their additional compensation for executive functions and other conditions in their contracts that must be respected.**
  - iii) **Financial information the Company must publish on a regular basis due to its listed company status.**
  - iv) **Investments or operations of any kind that are strategic in nature due to the high value or specific characteristics, except where approval must be given by the General Meeting.**
  - v) **Creation or acquisition of shareholdings in special purpose vehicles or companies domiciled in countries or territories with tax-haven status, as well as any other transactions or operations of an analogous nature tending, due to their complexity, to undermine the Group's transparency.**
- c) **Transactions carried out by the Company with its directors, significant shareholders or those represented on the Board, or with other persons related to the same ("related-party operations").**

Authorization by the Board shall not, however, be necessary in related-party transactions simultaneously meeting the three following conditions:

- 1st. That they are carried out pursuant to contracts whose conditions are standardized and are applied *en masse* to many clients.
- 2nd. That they are carried out on the basis of prices or rates established generally by whoever acts as the provider of the goods or services in question.
- 3rd. That the amount does not exceed 1% of the Company's annual income.

It is recommended that the Board should only approve related-party transactions following a favourable report from the audit committee or, where appropriate, from any other committee to which that function has been entrusted; and that the directors affected, as well as not exercising or delegating their right to vote, should absent themselves from the meeting while the Board deliberates and votes on the matter.

It is recommended that the powers herein attributed to the Board be impossible to delegate, apart from those referred to in items b) and c), which may be used by the Executive Committee for urgent matters, with later ratification by the plenary session of the Board.

See headings: D.1 and D.6

Compliant

- 9. The Board has enough members in order to achieve a functioning quorum, with the suggestion that this number be no fewer than five nor greater than fifteen.**

See heading:C.1.2

Compliant

- 10. The independent directors and external directors representing substantial shareholders constitute a significant majority of the committee and the number of executive directors is kept to the minimum necessary, taking account of the complexity of the Corporate Group and the percentage shareholding of the executive directors in the Company's share capital.**

See heading:A.3 and C.1.3

Compliant

- 11. Among the external directors, the ratio between the number of external directors representing substantial shareholders and that of independent directors reflects the proportion between the capital represented by the external directors representing substantial shareholders and the remainder of the Company's share capital.**

**This strict proportionality criteria may be reduced, thus the weighting of the external directors representing substantial shareholders may be more than that corresponding to the total percentage of the capital they represent:**

**1st. In highly-capitalized companies where the shareholdings legally considered to be material are low or null, but there are shareholders with shareholdings of high absolute value.**

**2nd. In companies where there is a diversity of shareholders represented on the committee and there are no links between them.**

See headings: A.2, A.3 and C.1.3

Explain

In Acciona this recommendation is followed in the sense that the dominant shareholder does not nominate a number of directors proportionate to their shareholding but rather a smaller number, given that at the close of the financial year there were only two proprietary directors, despite the fact that that two executive directors also share the characteristics typical of the proprietary directors. In any case, the number of independent directors is greater than those representing substantial stakeholdings and are in the majority on the Board of Directors (53.85%).

- 12. The number of independent directors represents at least a third of all directors.**

See heading:C.1.3

Compliant

- 13. The profile of each director is described by the committee at the annual general meeting of shareholders, which must approve or ratify their appointment and this is confirmed or, where appropriate, revised annually in the Annual Report on Corporate Governance, with prior verification by the Appointments Committee. Also the report gives details of the reasons for the appointment of external directors representing substantial shareholders at the request of shareholders whose holding is less than 5% of the share capital; also that reasons are given why formal requests for a seat on the board from shareholders with a stake equal to or greater than that of others, at whose request directors representing substantial shareholders were appointed, have not been respected.**

See heading:C.1.3 and C.1.8

Compliant

**14. When the number of female directors is small or nil, the Appointments Committee ensures, in the filling of vacancies:**

- a) **That selection processes are not adversely affected by implicit biases influencing the selection of directors;**
- b) **That the Company strives to include females among the potential candidates as long as they meet the professional criteria required.**

See headings: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Compliant

**15. The President, as the officer responsible for the efficient functioning of the committee, ensures that the directors receive sufficient prior information to stimulate debate as well as active participation of directors during Board meetings, safeguarding their freedom to adopt positions and express their opinions; and organizing and co-ordinating with the presidents of the relevant committees the regular evaluation of the Board, as well as that of the Executive Committee or Managing Director, if any.**

See headings: C.1.19 and C.1.41

Compliant

**16. When the President of the Board of Directors is also the Company's chief executive officer, one of the independent directors is authorized to request a meeting of the Board or the inclusion of additional points on the agenda for the meeting, to co-ordinate and raise any concerns held by the external directors, and to lead the Board's appraisal of its President.**

See heading:C.1.22

Compliant

**17. The Company Secretary maintains a system for ensuring that the actions of the Board:**

- a) **Comply with the letter and the spirit of applicable laws and regulations, including those approved by the regulatory authorities;**
- b) **Conform to the company's Articles of Association and the Regulations for the Board of Directors and any others implemented by the company;**
- c) **Take account of recommendations with regard to good governance contained in the Unified Code the Company has accepted.**

And, in order to protect the independence, impartiality and professionalism of the Company Secretary, a report on his or her appointment and departure is provided by the appointments

committee and approved at a plenary session of the Board; and that the process for the Secretary's appointment or departure is reflected in the Regulations for the Board of Directors.

See heading:C.1.34

Compliant

- 18. The committee holds meetings as frequently as required in order to carry out its role effectively, following the programme and agenda established at the start of the financial year, with each director able to propose for inclusion alternative items not originally on the agenda.**

See heading:C.1.29

Compliant

- 19. The absences of directors should be limited to unavoidable circumstances and are listed in the Annual Report on Corporate Governance. And that instructions are given to proxies if representation is essential.**

See headings: C.1.28, C.1.29 and C.1.30

Compliant

- 20. When the directors or the company secretary express concerns about a particular proposal or, in the case of the directors, about the company's progress and such concerns are not resolved within the Board, this is recorded in the minutes at the request of whoever expressed such concerns.**

Not applicable

- 21. The committee holds a plenary meeting once a year in which it evaluates:**

- a) The quality and efficiency of the functioning of the Board;**
- b) Based on a report produced by the appointments committee, the performance of their functions by the President of the Board and the Company's Chief Executive;**
- c) The functioning of its committees, based on the reports produced by each.**

See headings: C.1.19 and C.1.20

Compliant

- 22. All directors may exercise their right to obtain additional information they deem necessary about matters within the Board's remit. And, except when the Articles of Association or Regulations for the Board state otherwise, they may direct their request to the President or the secretary to the Board.**

See heading:C.1.41

Compliant



- 23. All directors are entitled to obtain from the Company the advice required for the fulfilment of their responsibilities. And the Company will use appropriate channels for them to exercise this responsibility and, in particular circumstances, will include external consultancy at the Company's expense.**

See heading:C.1.40

Compliant

- 24. The Companies establish an induction programme to provide new directors with a timely and appropriate knowledge of the company, as well as its rules on corporate governance. And it also offers directors updates of information when circumstances recommend it.**

Compliant

- 25. Companies require the directors to dedicate the time and effort necessary to carry out their role with efficiency, therefore:**

- a) Directors inform the appointments committee of their other professional commitments in case these have the potential to interfere with the commitment required;**
- b) Companies establish rules regarding the number of Boards on which their directors may serve.**

See headings: C.1.12, C.1.13 and C.1.17

Compliant

- 26. Proposals for the appointment or re-election of directors submitted by the Board to the General Meeting of Shareholders, as well as provisional designations through co-opting, is approved by the Board:**

- a) At the request of the appointments committee in the case of independent directors.**
- b) Following a report from the appointments committee in the case of all other directors.**

See headings: C.1.3

Compliant

- 27. Companies publish the following information about their directors on their website and keep it up to date:**

- a) Professional profile and biography;**
- b) Other Boards of Directors on which they sit, whether or not these are listed companies;**
- c) Indication of the category of director to which they belong, indicating, in the case of directors representing substantial shareholders, the shareholder(s) they represent or with whom they have links.**

- d) **Date when they were first appointed as a director of the Company, as well as the dates of any subsequent re-appointments; and**
- e) **Their holdings of company shares and their stock options.**

Compliant

- 28. Directors representing substantial shareholders tender their resignation when the shareholders they represent sell their entire shareholding. They also do so, in the corresponding number, should the shareholders they represent reduce their shareholding to a level requiring a reduction in the number of such proprietary shareholders.**

See headings: A.2, A.3 and C.1.2

Compliant

- 29. The Board of Directors does not propose the removal of independent directors from their position prior to the completion of the term indicated in the Articles of Association for which they have been appointed, except when there is just cause and the director in question has been informed about this, following a report from the appointments committee. In particular, just cause is interpreted as directors' failing to fulfil their responsibilities inherent to the role or becoming affected by any of the circumstances causing them to lose their independence, pursuant to the provisions contained in Ministerial Order ECC/461/2013.**

**The removal of independent directors from office may also be proposed as a result of public buy-outs, mergers or other similar enterprise-level transactions implying a change in the structure of the company's capital when such changes in the Board are due to the proportionality criterion in Recommendation 11.**

See headings: C.1.2, C.1.9, C.1.19 and C.1.27

Compliant

- 30. Companies establish rules obliging directors to provide information and, where appropriate, tender their resignation in cases where it is alleged they could prejudice the good name and reputation of the Company and, in particular, oblige them to inform the Board of any criminal lawsuits they may be involved in, as well as any subsequent legal proceedings.**

**If a director is subject to legal proceedings or is sent for trial for one of the offences indicated in article 13 of the Capital Corporations Act, the Board examines the case as promptly as possible and, after reviewing the specific circumstances, will decide whether or not the director may continue in that position. And the Board gives a reasoned account of such circumstances in the Annual Report on Corporate Governance.**

See heading: C.1.42, C.1.43

Compliant

- 31. All directors clearly express their opposition when they consider that a proposal submitted to the Board for decision could be contrary to the Company's interests. And, moreover, independent and other board members in particular, who are not affected by potential conflicts**

of interest, do the same in the case of decisions that would be detrimental to shareholders not directly represented on the Board.

And when the Board adopts significant or repeated decisions on matters with regard to which the director has expressed serious reservations and subsequently opts to resign, the ensuing conclusions drawn and reasons for the resignation are explained in the letter referred to in the following recommendation.

This recommendation also affects the Secretary to the Board, even where he/she does not have the status of director.

Not applicable

32. When, whether due to resignation or any other reason, a director leaves his or her position before the end of the term, the reasons are explained in a letter sent to all the members of the Board. And, without prejudice to the possibility of notifying such termination as a relevant event, the reason for termination will be included in the Annual Report on Corporate Governance.

See section: C.1.9

Partially compliant

Two directors, Ms. Miriam González Durántez and Ms. Consuelo Crespo Bofill, tendered their resignation before the conclusion of their mandates at the session of the Board of Directors held on 14 May 2014, with effect from the next General Meeting of Shareholders. The reasons for their resignations (personal in both cases) were reported to the Board of Directors at the meeting.

33. Compensation in the form of shares in the company or business group, stock options, or instruments linked to the value of the stock, and bonuses linked to the Company's performance or forecasts is limited to Executive Directors.

This recommendation will not cover the distribution of shares when the members of the board are obliged to hold them until the end of their term.

Compliant

34. The remuneration for external directors is that necessary to reward their dedication, qualifications and the responsibility entailed by the position, but it is not so that high that it would compromise their independence.

Compliant

35. The remuneration related to the company results takes into account the possible qualifications contained in the external auditors' report and potentially reducing the forecasted results.

Not applicable

36. **In the case of compensation in the form of bonuses, the compensation policies incorporate limits and precise technical precautions to ensure that such bonuses are related to the professional performance of their recipients, and not derived simply from the general evolution of markets or the company's sector of activity, or other similar circumstances.**

Compliant

37. **When an executive committee or delegated committee exists (hereinafter "executive committee"), the framework for the participation of the different categories of board members will be similar to that of the board itself, and its Secretary will be the secretary to the board.**

See sections: C.2.1 and C.2.6

Explain

The composition of the executive committee does not include board members representing substantial shareholders; although two of the executive board members have traits characteristic of board members representing substantial shareholders. The secretary to the Committee is the Secretary to the Board.

38. **The board is always aware of matters dealt with, and the decisions adopted by the executive committee and that all the members of the board receive a copy of the minutes of the meetings of the executive committee.**

Compliant

39. **The board of directors forms, aside from the Audit Committee required by the Securities Market Act, a committee, or two separate committees, for appointments and remuneration.**

**The rules regarding the composition and operation of the audit committee, or appointment and compensation committee, are listed in the regulations for the board and include the following:**

- a) **The board appoints the members of these committees, taking into account the knowledge, skills and experience of the directors and the responsibilities of each committee; deliberates on its proposals and reports; and, at the first plenary session of the board after its meetings, receives an account of their activity and a report on the work carried out;**
- b) **These committees are composed exclusively of external directors, with a minimum of three. This is understood to be without prejudice to the attendance of executive directors or members of the senior management when this is expressly agreed by the members of the committee.**
- c) **The presidents of these committees are independent directors.**
- d) **They may seek external advice whenever this is deemed necessary for the performance of their duties.**
- e) **Minutes are taken for all their meetings and copies are sent to all directors.**

See sections: C.2.1 and C.2.4

Compliant

- 40. The supervision of compliance with internal codes of conduct and corporate governance rules is attributed to the audit committee, the appointments committee, or, if it exists separately, the compliance or corporate governance committee.**

See sections: C.2.3 and C.2.4

Compliant

- 41. The members of the audit committee, and especially its president, are appointed taking into account their knowledge and expertise in the field of accounting, audit or risk management.**

Compliant

- 42. Listed companies should have an internal audit function which, under the supervision of the audit committee, ensures the proper operation of the internal controls and reporting systems.**

See section: C.2.3

Compliant

- 43. The person in charge of the internal audit function submits the annual work plan to the audit committee; reports, without delay, incidents that occur as and when they arise, and submits a report on its activities at the end of each financial year.**

Compliant

- 44. The policy for management and control of risks identifies, at least:**

- a) The different types of risk (operational, technological, financial, legal, reputational, ...) faced by the Company, including contingent liabilities from financial and economic risks, and other off-balance sheet risks;**
- b) Setting the level of risk the company deems acceptable;**
- c) Measures to mitigate the risks identified, should they materialize;**
- d) The information and internal control systems that will be used to control and manage the risks mentioned, including contingent liabilities, or off-balance sheet risks.**

See section: E

Compliant

- 45. The audit committee is responsible for the following:**

**1st. With regard to information systems and internal control:**

- a) Ensuring the main risks identified as a result of the supervision of the effectiveness of the company's internal controls, and the internal audit, where appropriate, are managed and published in a satisfactory manner.**
- b) Overseeing the independence and effectiveness of the internal audit function; proposing the selection, appointment, re-election and termination of the person in charge of internal audits; proposing the budget for this service; receiving regular**

information on its activities; and verifying that senior management takes the conclusions and recommendations in its reports into account.

- c) Establishing and supervising a mechanism that allows employees to report in confidence and, if appropriate, anonymously, potentially important irregularities they may observe in the Company, especially those in financial and accounting matters.

2nd. With regard to the external auditor:

- a) Receive information on the audit plan and the results of its execution on a regular basis, and verify that senior management is taking its recommendations into account.
- b) Ensure the independence of the external auditors, and to this end:
- (i) The company communicates the change of auditor to the CNMV as a relevant event, and accompanies this communication with a declaration of any disagreements with the outgoing auditor and their content.
- ii) In the event of the resignation of the external auditor, to examine the circumstances that led to this.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Compliant

46. The audit committee may summon any employee or executive of the company, this includes appearances without the presence of any other executive.

Compliant

47. The audit committee reports to the board, prior to the adoption by the latter of the corresponding resolutions, on the following matters outlined in Recommendation 8:

- a) Financial information that, because it is listed on the stock market, the Company must publish from time to time. The committee should ensure that interim accounts are formulated with the same accounting criteria as the annual accounts and, to this end, consider the appropriateness of a limited review by the external auditors.
- b) The creation or acquisition of shareholdings in special purpose vehicles or domiciled in countries or territories classed as tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the group.
- c) Related-party transactions, unless this function has previously been attributed to another of the supervision and control committees.

See sections: C.2.3 and C.2.4

Compliant

48. The board of directors submits the accounts to the General Meeting of Shareholders without reservations or qualifications in the auditors' report and, where such qualifications exist, both the President of the audit committee and the auditors explain clearly to the shareholders the content and scope of such reservations or qualifications.

See section: C.1.38

Compliant

- 49. The majority of the members of the appointments committee (or of the appointments and remuneration committee if there is only one) are independent consultants.**

See section: C.2.1

Compliant

- 50. The duties of the appointments committee include, in addition to those indicated in the preceding recommendations, the following:**

- a) Evaluate the necessary skills, knowledge and expertise necessary for the Board, and as a result define the duties and aptitudes required of the candidates to fill each vacancy, and evaluate the time and commitment required in order to perform the role properly;**
- b) Examine or organize the succession of the President and chief executive in a proper manner, making recommendations to the Board if necessary so the transfer proceeds in a well-planned and orderly manner;**
- c) Report to the Board of Directors on the appointment and removal of senior managers proposed by the chief executive.**
- d) Report to the Board of Directors regarding the gender diversity issues indicated in Recommendation 14 of this Code.**

See paragraph: C.2.4

Compliant

- 51. The appointments committee consults the President and chief executive of the company, especially regarding matters concerning executive directors.**

**And any director may request the appointment committee to consider potential candidates to fill vacancies on the Board of Directors, if deemed suitable.**

Compliant

- 52. The duties of the remuneration committee include, in addition to those indicated in the preceding recommendations, the following:**

- a) Proposing to the board of directors:**
  - i) The remuneration policy for directors and senior management:**
  - ii) The individual remuneration of executive directors and other conditions of their contracts.**
  - iii) The basic conditions of the contracts for senior management.**

**b) Ensure compliance with the remuneration policy established by the company.**

See paragraphs: C.2.4

Compliant

**53. The remuneration committee consults the President and chief executive of the company, especially regarding matters concerning executive directors and senior managers.**

Compliant

**H OTHER RELEVANT INFORMATION**

1. If there are any relevant points regarding the corporate governance of the company or entities of the group that are not contained in the rest of the sections of this report, but which should be included in order to present a more complete and reasoned view of the governance structure and practices of the entity or its group, describe them briefly.
2. This section may also include any other information, clarification or aspect related to the previous sections of the report insofar as they are relevant and not repetitions.

In particular, an indication will be given of whether the company is subject to corporate governance laws other than those of Spain, and, if so, any information it is obliged to provide and which is different from that required in this report will be included.

3. The company may also indicate whether it has voluntarily committed to adhere to other ethical or best practice codes, whether on the sectoral, international or any other level. If so, state the code in question and the date of adherence.

Note on Section A.2

In the context of the issue of convertible bonds, Entrezca and Tussen de Grachten agreed to lend HSBC equally up to 3 million shares in total so that the bank may lend securities to interested investors. The notifications relating to increases and subsequent reductions in significant stakeholdings submitted by Entrezca and HSBC Holdings are related to this securities loan. As of the date of issue of the present report, a total of 549,258 shares held by Entrezca and Tussen de Grachten are on loan. The aforesaid significant stakeholding announcements are related to HR 19866 on the issue of convertible bonds.

Note on Section A.5

Global Lubbock, S.L, a company controlled by director Mr. José Manuel Entrecanales holds 6% of the share capital of ATLL Concessionaria de la Generalitat de Catalunya, S.A, a company which in turn holds a 39% stake in ACCIONA Group.

Global Buridan S.L, a company controlled by director Mr. Juan Ignacio Entrecanales, holds 6% of the share capital of ATLL Concessionaria de la Generalitat de Catalunya, S.A, a company which in turn holds a 39% stake in ACCIONA Group.

Acacia ISP, S.L, of which director Mr. Fernando Rodés indirectly holds an 18% share, holds 5% of the share capital of ATLL Concessionaria de la Generalitat de Catalunya, S.A, a company which in turn holds a 39% stake in ACCIONA Group.

Note on Section A.6

The summary of the basic terms of the agreement is as follows:



1. Tussen de Grachten, BV and Entrezca, BV and their respective partners descendants of Mr. José Entrecanales Ibarra and signatories to this agreement mutually grant each other a preferential acquisition right over their respective direct stakeholdings in Acciona, S.A. as a result of the reverse takeover of Grupo Entrecanales, S.A. and its subsidiaries by Acciona, S.A., regardless of the reason whereby they are held, and/or on their respective stakeholdings in Tussen de Grachten, BV and Entrezca, BV.

2. These preferential acquisition rights will continue to exist for the term of ten (10) years from the registration of the merger of Acciona, S.A. with Grupo Entrecanales, S.A. on the Companies' Registry, with successive tacit extensions for further terms of five (5) years each, unless either of the companies, Tussen de Grachten, BV o Entrezca, BV, announces in writing its intention not to continue with the agreement giving eighteen (18) months' notice prior to the date of termination of the initial term currency of this agreement or of any of its successive extensions. The registration of the merger on the Companies' Registry occurred on 14 July 2011. The present Agreement does not make any impositions or imply any arrangement of interests by the signatories with regard to the management of Acciona, S.A.

Note on Section A.12

Acciona S.A. has a programme of promissory notes known as the Euro Commercial Paper (ECP) Programme registered on the Irish Stock Exchange for a maximum amount of 500 million euros. Through this programme, notes with maturities of between 15 and 364 days are issued on the Euromarket. On 29 October 2014, this programme was renewed for another year with the same terms and characteristics.

Acciona issued convertible debentures for the sum of 342 million euros in the month of January, 2014, which were admitted for trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

Finally, on 2 July 2014, Acciona formalized a fixed-income securities issue programme known as the Euro Medium-Term Note (EMTN) Programme for a maximum amount of up to 1,000 million euros. The securities issued pursuant to the programme are listed on the Irish Stock Exchange. As of 31 December 2013, the Company has issued securities in the amount of 165.8 thousand euros in context of this programme.

Note on Section B.6

Acciona is essentially a holding company with the registered ownership of the stakeholdings in the Group's businesses and activities. Article 5 of the Regulations for the General Meeting attributes decisions on the following matters to the General Meeting, among others:

(k) To adopt business decisions that are transcendental for the future of the Company and go beyond its corporate purpose;

(l) To approve, where appropriate, the acquisition or disposal of essential operating assets when this entails an effective amendment to the corporate purpose, and those operations with an effect equivalent to the liquidation of the Company.

Note on Section C.1.2

The independent director, Mr. Jaime Castellanos Borrego, also performs the functions of Lead Independent Director.

Note on Section C.1.3

The director, Mr. Valentín Montoya Moya, ceased to hold the position of Director and General Manager as of 1 July 2009 and may therefore be considered, since five years have elapsed since the termination of the said employment relationship, as an Independent Director, pursuant to the provisions contained in article 529 sub-section 12 of the Capital Corporations Act.

Note on Section C.1.12

The position held by the director, Mr. Jaime Castellanos Borrego, in the Vocento, S.A. company is that of the personal representative of the Casgo, S.A. company.

Ms. Sol Daurella Comadrán was appointed to a seat on the board of Banco Santander, S.A. with effect from 1 January 2015. She tendered her resignation from the Boards of Banco Sabadell and Ebro Foods as of 20 November 2014 and 1 December 2014, respectively.

Note on Section C.1.16

The figure established for remuneration includes the amount corresponding to the compensations paid to an executive due to the termination of his employment relationship and departure from the company in 2014.

For the purposes of this report, those forming part of the upper levels of management of ACCIONA Group and the corporate internal audit director are included as senior management. They are categorized like this merely for the purposes of information and under no circumstances should this classification be taken as an interpretation or assessment of the concept of senior management established in the legislation in force and, in particular, in Royal Decree 1,382/1985.

Note on Section C.1.29

The Executive Committee did not hold any meeting during 2014.

Note on Section D

All transactions outside the normal course of business of the Company or its Group were undertaken under normal market conditions. Entities linked to certain directors have undertaken transactions characteristic of a normal business relationship with Acciona or companies in the group. These transactions are not considered significant in terms of their amount nor relevant due to their subject matter. These transactions, for which the amounts are indicated before application of sales tax (IVA/IGIC) basically consisted of:

- A. The execution of civil works with a value of 485 and 236 thousand euros by Acciona Infrastructure in 2014 for companies in the group of Coca-Cola Iberian Partners, S.A.
- B. Advertising services provided to entities in the group by Revolution Publicidad S.L. The agency's fees amounted to 115 thousand euros.
- C. Willis Iberia, as one of several insurance brokers selected by the Group's divisions, acted as the collector for the insurance policy premiums.
- D. Sale of energy by Acciona Green Energy to facilities of Coca-Cola Iberian Partners, S.A. in the amount of 18.96 million euros.
- E. The Trasmediterránea Group does business with the Group of Coca-Cola Iberian Partners, S.A., consisting in cargo transport services, for which it has invoiced 1.98 million euros and purchased 206 thousand euros in products.
- F. Services rendered by Lazard & Frères for the sale of one third of the equity in Acciona Energía Internacional S.A. to a KKR global infrastructure fund vehicle for 5.84 million euros.

In September 2011, Acciona committed to adhere to the Code of Best Tax Practices approved and promoted by the Large Businesses Forum and the Public Tax Administration.

This annual corporate governance report was approved by the Company's Board of Directors during its session on 26 February 2015.

Indicate whether any directors voted against or refrained from voting with regard to the approval of this report.

No

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF ACCIONA, S.A. FOR 2014

To the Directors of Acciona, S.A.:

As requested by the Board of Directors of Acciona, S.A. (“the Entity”) and in accordance with our proposal-letter of 1 December 2014, we have applied certain procedures to the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR) of Acciona, S.A. for 2014, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR).

It should be noted in this regard that, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Standards on Auditing, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity’s financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor’s Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity’s annual financial reporting for 2014 described in the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013.
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process that goes into drawing up the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Entity.
3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the ICFR system. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Perusal of minutes of meetings of the Board of Directors, the Audit Committee and of other committees of the Entity in order to assess the consistency between the ICFR system issues addressed thereat and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, duly signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Spanish Securities Market Law 24/1998, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and of CNMV Circular no. 5/2013, of 12 June 2013, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Raquel Martínez Armendáriz  
26 February 2015